



FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

China

DB-CR-84-034
100
10 February 1984

Daily Report

China

FBIS-CHI-94-034

CONTENTS

18 February 1994

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Spokesman Comments on Taiwan Relations Act [XINHUA]	1
Delegate Denounces Human Rights Report to UN Commission [XINHUA]	1
China To Expand Cooperation With UNESCO [XINHUA]	2
UK's Hurd Hails Russia's Plan To Send Troops to Sarajevo [XINHUA]	2
Russia Reaffirms Peaceful Solution to Bosnian Crisis [XINHUA]	2
France Expresses Concern Over Greek Action on Macedonia [XINHUA]	3
Kohl Calls For Negotiations in Settling Bosnian Crisis [XINHUA]	3
Serbs To Withdraw Heavy Weapons Around Sarajevo [XINHUA]	4
Serb Forces Begin Withdrawal [XINHUA]	4
Serbs, West Bosnia Province To End Hostilities [XINHUA]	4
XINHUA Reports Karadzic Accepts Russian Proposal	5
U.S. Keeps Up Pressure on Bosnian Serbs [XINHUA]	5
French Foreign Minister Comments on Bosnian Opportunities [XINHUA]	5
'Feature' Says Germany Benefits From U.S-Japan 'Trade War' [XINHUA]	6

United States & Canada

Rong Yiren, Zhu Rongji Meet George Shultz [XINHUA]	6
Government Reports U.S. Investment Wave Hits Tianjin [XINHUA]	7

Northeast Asia

Tax Reforms Cause Concern Among Japanese Investors	
[Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 17 Feb]	8
Japanese-Funded Ink Company Set Up in Tianjin [XINHUA]	8

Southeast Asia & Pacific

Spokesman Rejects SRV 'Warning' on Spratlys Oil Exploration [AFP]	8
SRV Spokesman Views Normalizing Relations With U.S. [XINHUA]	9
Australia's Keating Hopes Hong Kong's Stability Continues [XINHUA]	9

NATIONAL AFFAIRS

Political & Social

Deng's Remarks on Peace, Development Viewed [RENMIN RIBAO 14 Feb]	10
Li Peng Solicits Views on Government Report [XINHUA]	12
Zhu Rongji Attends Qian Zhiguang's Cremation [XINHUA]	13
Li Ruihuan Inspects Fujian Province [Fuzhou Radio]	14
Reportage on Leaders' Activities 3-18 Feb [Shanghai Radio, etc]	14
Disident on Medical Parole Arrested Again [AFP]	15
Paper Views Problems in Government Restructuring [Hong Kong HSIN PAO 16 Feb]	15
AFP Reports on PRC Film Industry	17

Economic & Agricultural

PRC Bans Sea Dumping of Radioactive Waste [XINHUA]	17
Provincial Resistance Brings Land Tax Changes [Hong Kong EASTERN EXPRESS 17 Feb]	17
XINHUA 'Mailbox' Explains Economic Terms	18
Explains 'Listed Companies'	18
Explains 'Market System'	19
State Firms Lag Behind in Increased Profits [CHINA DAILY 18 Feb]	20
Accidents Force Closure of Coal Mines in Northeast [AFP]	20
Commentary Calls For 'Optimizing' Steel Industry [XINHUA]	21
Report Views Township Enterprises [ZHONGGUO XINWEN SHE]	21
Commentator Views Stabilizing Agriculture [JINGJI RIBAO 15 Feb]	22
XINHUA Article Views Surplus of Rural Workers	23

REGIONAL AFFAIRS

East Region

Anhui Counties Sentence 14 Criminals to Death [ANHUI RIBAO 3 Feb]	27
Jiangsu Province's Rural Areas Prosper [XINHUA]	27
Shanghai Secretary Attends CPPCC Session [Shanghai Radio]	27
Shanghai Views 'Two-Greening' Project [WEN HUI BAO 6 Feb]	28
Shanghai To Complete No. 1 Subway in 1994 [XINHUA]	29
Shanghai Sets Goals for 1994 Scientific Work [XINHUA]	29
Shanghai Container Freight Yard Begins Operation [XINHUA]	29

North Region

Beijing Secretary Visits Mountainous Areas [BEIJING RIBAO 21 Jan]	30
Beijing Investigates New Ways To Solve Problems [XINHUA]	30

Northeast Region

Liaoning's Shenyang Financial Center of Northeast [XINHUA]	31
Commentary Views Control of Liaoning Cultural Market [Shenyang Radio]	31

Northwest Region

Northwest Provinces Attract More Tourists [XINHUA]	32
Gansu Foreign-Invested Enterprises Increase [Lanzhou Radio]	32
Ningxia To Receive Aid From UN Food Program [XINHUA]	32
Xinjiang Reports Economic Progress in 1993 [XINHUA]	33
Xinjiang Sees Overall Economic Development [XINHUA]	33

TAIWAN

Mainland Airplane Hijacked En Route to Fuzhou [Taipei Radio]	35
Taipei Official Comments [Taipei Radio]	35
Hijacker Uses Fruit Knife [Taipei Radio]	35
Hijacker 'Mainland Soldier' [CNA]	35
Plane Departs Taipei [Taipei Radio]	36
Hijacker's Wife Resists Returning [AFP]	36
Legislators Urge Stronger Punishments for Hijackers	37
Urge Getting Tough [CNA]	37
Recommend 'Heavy Punishment' [AFP]	38
Premier Lien on Cross-Strait Ties, Other Issues [Taipei CHUNG KUO SHIH PAO 5 Feb]	38

HONG KONG & MACAO

Hong Kong

PRC Official Blames UK for Delay on Airport Talks [XINHUA]	44
Rejects Blame for Delay [XINHUA]	44
Official Rejects 'Third-Country' Role in Hong Kong Issue [XINHUA]	44
Beijing Not To Accept British Unilateral Reform Bill [XINHUA]	45
Local XINHUA Official Warns Foreigners on 'Intervention' [Hong Kong SOUTH CHINA MORNING POST 18 Feb]	45
Hong Kong, Vietnam To Introduce 'Speedpost' Service [XINHUA]	45

General

Spokesman Comments on Taiwan Relations Act OW1702134594 Beijing XINHUA in English 1155 GMT 17 Feb 94

[By reporter Xin Huaishi (6580 2037 2514)]

[Text] Beijing, 17 Feb (XINHUA)—Foreign Ministry spokesman Wu Jianmin today announced Vice Premier Zhu Rongji's visit to Japan and Vice Foreign Minister Tian Zengpei's visit to four African nations, and fielded questions from reporters concerning Sino-U.S. relations, Sino-Japanese relations, the Democratic People's Republic of Korea's (DPRK) nuclear issue, and Li Denghui's (Li Teng-hui) visit to Thailand.

At a press briefing this afternoon, the spokesman announced that Vice Premier Zhu Rongji will pay an official goodwill visit to Japan from 23 February to 3 March at the invitation of the Japanese Government. He said: The main objective of the visit is to exchange views with Japanese Government leaders and personages from various circles of life there on the development of bilateral relations. The visit aims to enhance mutual understanding, deepen friendship, and promote the further development of friendship and cooperation between the two countries in various fields. During his visit to Japan, China and Japan do not intend to sign any agreement.

The spokesman also announced that Vice Foreign Minister Tian Zengpei will visit Mozambique, Zimbabwe, and Namibia at the invitation of these three countries' foreign ministries, and will visit South Africa as a guest of the Center for South Africa Studies of the Chinese Institute of International Studies in Pretoria from 20 February to 2 March.

A reporter asked: The Foreign Relations Authorization Act of the U.S. State Department for fiscal year 1994 has asserted that on the issue of U.S. arms sales to Taiwan, the Taiwan Relations Act should supersede the Sino-U.S. Joint Communiqué issued on 17 August 1982. What is your comment on this?

The spokesman said: The essence of the revised Taiwan Relations Act of the United States is to attempt to overrule the 17 August joint communiqué between China and the United States and legalize U.S. arms sales to Taiwan. This is what the Chinese Government and people stand firmly opposed to. The 17 August joint communiqué is an international agreement reached between the two governments of China and the United States, which the U.S. Government is obligated to strictly abide by in the principle that international laws prevail over domestic laws, and to take necessary measures to prevent the U.S. Congress from making any remarks and taking any actions which are in violation of this principle with a view to the maintenance of Sino-U.S. relations.

Another reporter asked: A Japanese magazine has asserted that China views Japan as a "major enemy in 20 years." Please comment on this.

The spokesman said: This assertion is untenable and is designed by a very small number of people to sow discord. It is the common aspiration of the two peoples to carry on Sino-Japanese friendly and cooperative relations from generation to generation, and it is a basic policy of the Chinese Government to develop friendly relations and cooperation with Japan in a sustained and stable manner on the basis of the five principles of peaceful coexistence. Long-standing friendship and cooperation between China and Japan will not only benefit the two countries, but also contribute to the stability and prosperity of the region and the world at large.

A reporter asked the spokesman to comment on a report that the DPRK has agreed to inspection of its nuclear facilities by the International Atomic Energy Agency.

The spokesman said: "We welcome this development, which has again shown that dialogue is the only correct way for solving the DPRK's nuclear issue. We hope that the parties directly concerned will continue to adopt a positive and constructive attitude and seek an appropriate solution to this issue at an early date through dialogue and consultation."

In response to a question about Li Denghui's visit to Thailand, the spokesman said: "The Chinese Foreign Ministry has made representations with Thailand and elucidated the solemn position of China on this matter."

Delegate Denounces Human Rights Report to UN Commission

OW1802050094 Beijing XINHUA in English 0434
GMT 18 Feb 94

[Text] Geneva, February 17 (XINHUA)—Chinese delegate Choegyal today denounced the slander by a non-governmental organization on China's human rights records in Tibet.

Speaking at the 50th session of the U.N. Commission on Human Rights, Choegyal, who himself is a Tibetan, said a delegate of the non-governmental organization, using rumours which he himself admitted were unconfirmed, launched an unbridled attack against China over its human rights records in the region of Tibet.

"In fact, he is not concerned about human rights, his real motive is to use the human rights issue for dividing China," Choegyal said.

"As a Tibetan, I have experienced decades of historic changes since the liberation of Tibet. We are best qualified to comment on the situation of human rights in Tibet," Choegyal added.

He said that since the peaceful liberation, particularly after the democratic reform in 1959, the situation of human rights of the Tibetan people has changed radically.

In the Tibetan Autonomous Region, there have been great economic and social progress and visible improvement of people's living standards, with traditional customs being respected and religious freedom being protected, Choegyal said.

He said the Tibetan people are wholeheartedly supporting all policies of the central government for Tibet, especially those designed specially for the region in the past decade.

They feel from their own experiences that the past few decades have been the best period in terms of the situation of their human rights, Choegyal said.

He noted that the speech delivered by the non-governmental organization delegate "is full of distortion and fabrication."

Choegyal said, "the situation in Tibet today is known to everybody, and one can see the overall and real situation there as long as he holds a just position."

He said that in 1993 alone, government officials, parliamentarians, diplomats and journalists from 24 countries visited Tibet, in addition to about 10,000 tourists from around the world.

China To Expand Cooperation With UNESCO

*OW1802091494 Beijing XINHUA in English 0858
GMT 18 Feb 94*

[Text] Beijing, February 18 (XINHUA)—China will continue to expand its cooperation this year with the United Nations Educational, Scientific and Cultural Organization (UNESCO), a UNESCO China National Commission official said here today.

Wei Jue, director of China's National Commission for UNESCO, told a commission meeting that UNESCO's advantages and role is unique in promoting international exchange and cooperation in education, sciences, culture, journalism and information and other fields.

She told the commission, which met today to review its work in 1993, that UNESCO activities involve many important international issues concerning man's social development, such as peace, development, the environment, human rights, population and women.

As a developing country, China should further its cooperation with UNESCO and work hard to safeguard the rights and interests of developing countries.

The number of cooperative items and activities between China and UNESCO totaled 214 last year.

UK's Hurd Hails Russia's Plan To Send Troops to Sarajevo

*OW1802014594 Beijing XINHUA in English 0049
GMT 18 Feb 94*

[Text] London, February 17 (XINHUA)—British Foreign Secretary Douglas Hurd said today that the prospect of air strikes on Bosnian Serb position around Sarajevo is now more remote thanks to Russia, according to a BBC TV report.

It is reported here that Russia has decided to send troops to Sarajevo to help enforce a ceasefire and persuade the Serbs to withdraw heavy weapons by next Monday [21 February], as demanded under a U.N. ultimatum backed by NATO.

Hurd said the Russian move fitted "admirably" with the NATO initiative.

"If this works on the ground, there is now a much better chance than before of avoiding air strikes," he added.

But he warned that the air strikes would go ahead if the U.N. conditions were not met.

Meanwhile, the U.N. confirmed today that the Bosnian Serbs have started a major withdrawal of heavy guns around Sarajevo, press reports said here.

U.N. Bosnia Commander Lt-Gen. Sir Michael Rose is reported to have said that he was confident that the U.N. ultimatum would be observed.

Bosnian Serb leader Radovan Karadzic announced that the siege of Sarajevo was "over."

"We do think that war in Sarajevo is finally over," he said after talks with Russian special envoy Vitaliy Churkin.

As part of the Moscow plan, 400 Russian soldiers would be moved to the Bosnian capital from Croatia.

And another significant contingent would be deployed once Russia has settled "legal requirement."

But Bosnian Government Vice-President Ejup Ganic rejected the deployment of Russian U.N. troops to control Bosnian Serb heavy weapons.

He held that Russia is not neutral in the case of Bosnia-Herzegovina and it didn't go along with the NATO peace process.

"We are certainly not welcoming Russians to guard Serbian weapons," and "we would rather let them keep our weapons than Serb weapons," he said.

Russia Reaffirms Peaceful Solution to Bosnian Crisis

*OW1802014694 Beijing XINHUA in English 0120
GMT 18 Feb 94*

[Text] Moscow, February 17 (XINHUA)—Russia today reaffirmed its support for a peaceful solution to the

Bosnian crisis, saying that it is imperative to rule out the possibility of any provocations and acts of sabotage of the peace process.

A Russian Foreign Ministry statement said today that Russia has made efforts in carrying out the initiative of lifting the siege of Sarajevo and putting the city under the United Nations control.

"We have been seeking and are still seeking the implementation of this initiative by acting openly within the framework of U.N. Security Council resolutions," the statement said. "We continue this line now, despite the serious aggravation of the situation around Sarajevo for well-known reasons."

On February 5, a mortar attack on a crowded market center in Sarajevo, the capital of the warring Bosnia-Herzegovina, killed at least 68 citizens and injured over 200. Four days later, the NATO issued an ultimatum threatening to impose air strikes on positions around the city. The ultimatum expires on Sunday [20 February].

The statement said that Bosnian Serbs had adopted a decision to withdraw their heavy guns from around Sarajevo in reply to the demand of the U.N. Security Council.

"We hope that this expression of goodwill by one of the warring factions at the critical moment for the settlement (of the conflict) will be followed by concrete actions," said the statement.

It said: "We are calling on the (Muslim-led) Bosnian Government to hand over its heavy guns around Sarajevo under U.N. control without delay, as envisaged by the U.N. secretary-general's plan proposed in his letter to the Security Council on February 10."

The statement also called on the United States and the European Union nations to exert, in the spirit of their statements preferring a political solution of the problem, the necessary influence on the Bosnian Government to make it cooperate with the United Nations in reaching full deblocking and demilitarization of Sarajevo.

"At this crucial time it is extremely important to rule out the possibility of any provocation and acts of sabotage of this peace process," the statement stressed.

It also said after lifting the siege of Sarajevo the U.N. Security Council could immediately start considering ways to establish U.N. administrative rule in the city, as well as measures to strengthen other safe heavens on the territory of Bosnia-Herzegovina.

France Expresses Concern Over Greek Action on Macedonia

OW1802024094 Beijing XINHUA in English 0222 GMT 18 Feb 94

[Text] Paris, February 17 (XINHUA)—France today expressed "deep concern" over Greece's retaliatory measures against the Republic of Macedonia.

Greek Prime Minister Andreas Papandreu announced the steps on Wednesday [16 February], saying that Macedonia "insists on its claims to Greek land."

The measures include closing the northern Greek port of Salonica to Macedonia, and closing the Greek Consulate in the Macedonian capital of Skopje.

French Foreign Ministry Spokesman Richard Duque said Thursday that the Greek decision "departs from the dialogue between Greece and the former Yugoslav Republic of Macedonia, which France has sincerely encouraged."

He stressed that in the present context "the easing of tensions should be a common concern."

Macedonia, a former Yugoslav Republic contiguous to Greece, declared independence in 1991 and was admitted to the United Nations General Assembly last April.

Greece has been trying to block international recognition of Macedonia, arguing that it has designs on a northern Greek province that is also called Macedonia. But Macedonia's government says it has no claims on northern Greece.

France established diplomatic relations with the former Yugoslav Republic last December.

It has been reported that Greece did not inform its partners in the European Union before Wednesday's announcement.

Kohl Calls For Negotiations in Settling Bosnian Crisis

OW1802024194 Beijing XINHUA in English 0209 GMT 18 Feb 94

[Text] Bonn, February 17 (XINHUA)—German Chancellor Helmut Kohl today urged all parties concerned with the conflict in Bosnia to explore every chance of finding a settlement through negotiations before the NATO ultimatum expires.

Speaking on German television, Kohl said he had phoned U.S. President Bill Clinton and Russian President Boris Yeltsin about the Bosnian conflict and the NATO ultimatum during the day.

He said the two presidents should seek a peaceful solution to the conflict by taking advantage of the good relations between them.

The chancellor also announced that Germany will provide backup support for their NATO allies when necessary.

The NATO ultimatum orders both Bosnian Serb and Moslem forces to relinquish control of their heavy weapons in Sarajevo by midnight on February 20, or face Allied air strikes.

The ultimatum came after a mortar attack on a Sarajevo street market on February 5 killed 68 people and wounded nearly 200.

Over the past few days, the international community has tried to avert an escalation of the Bosnian war in hopes that the NATO ultimatum will be able to end the 22-month-long Bosnian war.

Also today, the United States, Britain, and France welcomed a Russian proposal to send Russian troops to Sarajevo in exchange for the withdrawal of Serbian heavy weaponry from around the Bosnian capital.

But they emphasized that the NATO ultimatum still holds—heavy weapons must be withdrawn or placed under U.N. control by the deadline, or face Allied air strikes.

Serbs To Withdraw Heavy Weapons Around Sarajevo

*OW1802031694 Beijing XINHUA in English 0240
GMT 18 Feb 94*

[Text] Paris, February 17 (XINHUA)—The Bosnian Serbs have agreed to withdraw their heavy weapons stationed within a 20-kilometer range of Sarajevo, Russian Foreign Minister Andrei Kozyrev told his French counterpart Alain Juppe on telephone today.

According to French Foreign Ministry Spokesman Richard Duque, Kozyrev told Juppe that Russian President Boris Yeltsin's special envoy Vitaliy Churkin had persuaded the Serbs to do so.

Duque said that France welcomes Russia's efforts, stressing that France has all along stood for "more Russian participation in the diplomatic activities to solve the Bosnia crisis."

He added that "we are waiting for this news to be confirmed and to be translated into actions on the ground."

Juppe today talked over telephone with U.N. Secretary General Butrus Butrus-Ghali and senior officials of Western allies and Russia, said Duque.

Duque quoted Juppe as reiterating France's "determination to implement NATO ultimatum" and its willingness to "work for a political solution through joint efforts by the European Union, U.S. and Russia."

He said that the NATO demands must be met and that France is looking forward to "an unambiguous application, within the deadline, of the decisions taken by NATO."

NATO has threatened to bomb Serbs' mortar positions around Sarajevo if the Serbs fail to withdraw their heavy weapons or put them under U.N. control by midnight GMT on Sunday [20 February].

Russia also announced that it agreed to move to Sarajevo part of its peacekeeping forces now in Croatia.

Serb Forces Begin Withdrawal

*OW1802034594 Beijing XINHUA in English 0250
GMT 18 Feb 94*

[Text] Sarajevo, February 17 (XINHUA)—Serb forces on Thursday [17 February] started withdrawing from the hillsides of besieged Sarajevo in apparent compliance with a NATO ultimatum to retreat, a UN spokesman said today.

"Literally they're moving out in convoys, not in individual vehicles," said UN Spokesman Lt. Col Bill Aikman.

The pullout of Serb forces came soon after Russian announced that it had persuaded the Serbs to comply with an agreement concluded on February 9 with the United Nations forces and the Muslim-led Bosnian army.

Aikman said that General Michael Rose, commander of the UN Protection Force (UNPROFOR) in Bosnia, "has received information from senior levels of the Bosnian Serb government that they will have their equipment out of a 20-kilometer zone within 36 hours, that means well before the deadline of midnight Sunday night."

On February 5, a mortar attack on a crowded market center in Sarajevo, the capital of the warring Bosnia-Herzegovina, killed 68 people and injured over 200. Four days later, the NATO asked all warring sides to withdraw from the area and issued an ultimatum threatening to impose air strikes on positions around the city. The ultimatum expires on Sunday.

Serbs, West Bosnia Province To End Hostilities

*OW1802035394 Beijing XINHUA in English 0259
GMT 18 Feb 94*

[Text] Belgrade, February 17 (XINHUA)—Bosnian Serb Leader Radovan Karadzic and Fikret Abdic [names as received], chairman of "the Autonomous Province of West Bosnia," a Muslim enclave, have agreed to end hostilities forever and hold political negotiations, the presidential office of "the Serb republic" announced today.

The cease-fire agreement, which goes into effect on February 18, is an important step toward peace in Bosnia-Herzegovina, the announcement said.

Abdic said the peace agreement will be implemented within his province. He also assured peace on the left bank of the Una River, controlled by troops loyal to the Sarajevo Muslim government.

"The Autonomous Province of West Bosnia" is a Muslim enclave in the western portion of Bosnia.

The province declared independence last September because of differences with other Muslim leaders. Since then the province has been in a state of hostility with the

Muslim government in Sarajevo Led by President Alija Izetbegovic, and armed conflict between the two sides has been constant.

XINHUA Reports Karadzic Accepts Russian Proposal

OW1802060494 Beijing XINHUA in English 0459
GMT 18 Feb 94

[Text] Belgrade, February 17 (XINHUA)—Bosnian Serb leader Radovan Karadzic said today that the Bosnian Serbs have accepted a Russian proposal to stop the confrontation with NATO.

The new proposal calls on Serbs to withdraw their heavy weaponry from around Sarajevo, while Russia dispatches 400 soldiers, now serving in the UN Protection Force in Croatia, to Sarajevo to guarantee the peace.

Karadzic made the announcement after meeting outside Sarajevo with Russian presidential envoy and Deputy Foreign Minister Vitaliy Churkin.

During the meeting Churkin gave Karadzic a letter from Russian President Boris Yeltsin.

According to Serbian sources, Yeltsin asked the Serbs to withdraw their heavy weaponry from around Sarajevo immediately in order to avoid bloodshed and establish peace in Sarajevo and all of Bosnia-Herzegovina.

Karadzic described the Russian proposal as "helpful and constructive" for the peace process.

Churkin said that Russia's proposal will end the possibility that any side in the Bosnian conflict will gain the upper hand.

He also expressed the hope that the Bosnian Muslims would also accept the Russian proposal.

He pointed out that the UN Protection Force in Bosnia should fulfill its peacekeeping duties and supervise all sides in the conflict.

The overwhelming opinion here is that NATO will not carry out air strikes on Bosnian Serb positions since all the conditions required by NATO have been met.

U.S. Keeps Up Pressure on Bosnian Serbs

OW1802061094 Beijing XINHUA in English 0534
GMT 18 Feb 94

[Text] Washington, February 17 (XINHUA)—The Pentagon reiterated today that there was no flexibility in the Sunday [20 February] deadline for the Bosnian Serbs to remove their heavy weapons from Sarajevo.

Although encouraged by the pace of the Serbs' latest pullout of heavy artillery from Sarajevo, Pentagon Spokeswoman Kathleen Delasky said the Serbs still had "a long way to go" to avoid the threatened NATO air strikes.

Delasky confirmed that U.S. Defense Secretary William Perry and Chairman of Joint Chiefs of Staff John Shalikashvili would join defense ministers of Britain, France, Italy and the Netherlands for a NATO briefing on air strikes in Italy on Sunday.

"The meeting also provides an opportunity to discuss steps to reinvigorate the peace plan," Delasky said.

Earlier today, Bosnian Serb leader Radovan Karadzic said the Serbs had agreed to withdraw heavy weapons from Sarajevo following a proposal that Russian troops would help enforce a ceasefire in the city.

"We do think that war in Sarajevo is finally over," Karadzic said.

At the White House, Spokeswoman Dee Dee Myers gave a measured response to the development.

"If this means that the Serbs will comply with NATO's decision then it is a positive step," Myers said. "We'll just have to wait and see."

French Foreign Minister Comments on Bosnian Opportunities

OW1502220994 Beijing XINHUA in English 2140
GMT 15 Feb 94

[Text] Jerusalem, February 15 (XINHUA)—French Foreign Minister Alain Juppe said here today that, as far as Bosnia is concerned, "there are many opportunities" for people to choose in the days before the NATO's ultimatum deadline which falls on February 20.

Asked by XINHUA to comment on the latest developments in Bosnia at a press conference this evening, Juppe said that he hoped a peace process will take place in the war-torn republic.

NATO agreed on February 9 to threaten Bosnian Serb forces with air strikes unless they withdraw their big guns from around Sarajevo within a maximum of 10 days.

Under an agreement brokered by the U.N. Commander for Bosnia, Michael Rose, Bosnian Serbs besieging Sarajevo continue to turn their big guns over to U.N. control and Sarajevo was reported to be quiet for the fifth day by Monday.

But tension remains high over NATO's ticking ultimatum to the Bosnian Serbs to withdraw their heavy weapons by February 20 or be bombed.

Juppe, who arrived in Israel Sunday for a three-day official visit, met Monday with Israeli President Ezer Weizman, Prime Minister Yitzhak Rabin and Foreign Minister Shimon Peres.

Juppe told reporters at the press conference that a new page has begun in relations between France and Israel, adding that there is now an improvement both in the political and military spheres.

French defense minister will pay a visit to Israel next month to advance cooperation in the areas of research, development and technology.

Earlier today, the French foreign minister also met with Palestinian leaders from the occupied territories in east Jerusalem and promised an additional aid of 10 million U.S. dollars to the Palestinians in Gaza and Jericho to be granted self-rule under Israel-PLO accord signed last September 13.

'Feature' Says Germany Benefits From U.S.-Japan 'Trade War'

OW1802060994 Beijing XINHUA in English 0458
GMT 18 Feb 94

['Feature' by Hu Xudong: "Germans Benefit from U.S.-Japanese Trade War"]

[Text] Bonn, February 18 (XINHUA)—There is an ancient proverb which says, "it's the third party that benefits from the tussle." Now, the Germans are the third party benefiting while the Americans and Japanese tussle with each other in a trade war.

The initial reaction to the collapse of U.S.-Japanese trade negotiations earlier this month was the sharp rise of the Japanese yen.

Just before negotiations broke down on February 11, the exchange rate between the yen and the German mark was 100 yen to 1.62 marks. But on February 15, the yen's rate against the mark rose to a high of 100 yen to 1.68 marks, with the yen gaining four percentage points in trading against the mark in just four days.

This depreciation of the mark means that German companies can earn more from exports to Japan.

If German exports to Japan can be regarded as only a small proportion of the German economy, the appreciation of the yen does have a significant effect on the German economy.

It is apparent that Germany's role is similar to that of Japan in the world's economic affairs. But the sale of Japanese-manufactured goods represents a large share of the German market.

Because of lower prices, Japanese goods, including automobiles and home appliances, enjoy good sales in the German market.

Now, with the appreciation of the yen, if the Japanese companies want to retain the same profit level they will have to raise prices.

Consequently, any increase in the price of Japanese goods will contribute to the competitiveness of German goods in the domestic market. This could be a shot of "cardiac stimulant" for the recession-hit German economy.

Both Japan and Germany are major exporters. The Germans also benefit from the appreciation of the yen in terms of competition in the markets of other countries.

Also, as a result of the appreciation of the yen, the mark has remained firm against the U.S. dollar.

As Germany is only slowly recovering from recession, a motivating force is needed.

The benefit the Germans gain from the U.S.-Japanese trade war will undoubtedly contribute to the recovery.

But the question is, how long will the good times last?

In an effort to stop continued increase in the value of the yen, Japan is selling the yen in large quantities. At the same time, the United States has increased certain interest rates in order to defend the U.S. dollar.

It also remains uncertain what kind of agreement Japan and the United States will reach to ease their trade conflict.

In its latest monthly economic report issued on Wednesday, Germany's central bank, the Bundesbank, said that Germany had not yet recovered from the worst recession since World War II.

On Thursday, the Bundesbank cut its discount rate, a key interest rate, by half a percentage point to 5.25 percent, in an apparent effort to inject vigor into the economy.

Any lowering of the central bank's major interest rates may be effective in stimulating economic development, but will likely weaken the mark.

Thus, the central bank, while lowering the discount rate, left its less important Lombard rate unchanged at 6.75 percent, and held another key money market interest rate unchanged at 6.00 percent.

United States & Canada

Rong Yiren, Zhu Rongji Meet George Shultz

OW1802091994 Beijing XINHUA in English 0906
GMT 18 Feb 94

[Text] Beijing, February 18 (XINHUA)—Chinese Vice-President Rong Yiren met with George Shultz, former secretary of state of the United States, and his party here this morning.

Shultz is here as director and senior consultant of the U.S. based Bectel company.

During the meeting, they had a friendly conversation on issues of Sino-U.S. economic cooperation.

Rong briefed Shultz on the current situation of China's economic development, saying that China is to speed up reforms in finance, tax revenue and other fields this year.

Touching on economic cooperation between China and the United States, the vice-president said that there is now a good opportunity to further expand such cooperation, adding that China welcomes the U.S. industrial and commercial circles to further strengthen their cooperation with the Chinese side.

Rong expressed the hope that cooperation between Bectel and the China International Trust and Investment Corporation (CITIC) on the development of Daxie Island, which is located in Ningbo city, East China's Zhejiang Province, will be successful.

Shultz said that he is confident cooperation between Bectel and China will be expanded.

Chairman Wei Mingyi of CITIC and Vice-Foreign Minister Liu Huaqiu took part in the meeting.

This afternoon, Vice-Premier Zhu Rongji met with Shultz and his party at Zhongnanhai.

Shultz and his party arrived here yesterday as guests of the Chinese Foreign Ministry. Yesterday evening, Wu Xueqian, vice-chairman of the Chinese People's Political Consultative Conference National Committee, hosted a banquet in their honor.

Government Reports U.S. Investment Wave Hits Tianjin

OW1702153494 Beijing XINHUA in English 1447
GMT 17 Feb 94

[Text] Tianjin, February 17 (XINHUA)—Thirty-seven U.S. companies invested nearly 20 million U.S. dollars in Tianjin in January, according to a local government department.

An official of the municipal commission of foreign trade and economic cooperation said that Tianjin, the leading manufacturing center in north China, currently has 840 U.S.-funded businesses with a total American investment of 710 million dollars.

American investors have taken Tianjin as an ideal place to invest in since it was one of the first group of coastal cities in China to open to overseas investors, he said.

Tianjin experienced what he called an "American investment wave" in 1993, he said.

The city last year approved 513 U.S.-funded firms involving 340 million dollars in total American investment.

American companies invest in a wide range of sectors, including manufacturing industry, farming, international trade, banking, information, hotels and real estate.

Manufacturers account for at least half of U.S.-funded companies in Tianjin, he said.

A number of multi-national companies, including Motorola Electronics, the Coca-Cola Company, Kraft

General Foods International Corporation, the International Telegraph and Telephone Company, the AST Company, IBM, the Otis Elevator Company and the Smithline Beckman Corporation, have opened businesses in Tianjin.

The China head office of AST in Tianjin is rated as the largest foreign investment project in China's computer industry, the official said.

The Tianjin branch of the Chase Manhattan Bank of the United States is the bank's first branch in China.

Local economists agreed that Tianjin's appeal to American investors lies in its good infrastructure, a whole range of industries, a competent technical force and a workforce with a high sense of discipline.

In recent years, products from U.S.-funded companies in Tianjin have become increasingly popular in Tianjin and the rest of China. They include Otis elevators, Motorola beepers, Smithline medicines and Coca-Cola.

Most products from these companies are sold in the Chinese market, according to the economists. This serves as another factor attracting American investors, one official said.

Michael E. Lin, vice-president of a multi-national company of the United States, said: "If you want to invest in China, you must seize every second, because losing an investment opportunity means losing a big market."

The third factor encouraging American firms to invest in Tianjin is that most operational U.S.-funded businesses are profitable.

Government statistics show that these Tianjin businesses generated a total of 860 million yuan in profits and taxes in 1993, nearly 30 percent of the total made by all foreign-funded firms in the city.

Four of the ten foreign-funded firms chosen as the most efficient enterprises in Tianjin in 1993 are U.S.-funded companies, the official of the municipal commission of foreign trade and economic cooperation said.

Most U.S.-funded companies have already recovered their investment, he said.

For example, the Motorola (China) Electronics Company has generated 84 million yuan since it opened a year ago and has decided to spend another 100 million U.S. dollars to expand production.

The Tianmei Food Company, a joint venture between a local company and the Kraft General Food International Corporation of the U.S., has generated 200 million in profits and taxes since it opened six years ago.

As a result, each partner has earned 20 million yuan in net profits, the official said.

The American firm decided last year to increase its shares to 60 percent from 50 percent.

The joint venture is now building a new factory in the Tianjin economic and technological development zone to quintuple its annual production, he said.

Northeast Asia

Tax Reforms Cause Concern Among Japanese Investors

HK1702055794 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 17 Feb 94 p 2

[By Kent Chen]

[Text] China's recent tax reforms are causing concern among Japanese investors at a time when they are planning to set up operations in the country, according to a Japanese certified public accountant. China has emerged as the favourite investment destination for Japanese companies with the opening up of its domestic market and a more favourable investment environment. Fuminori Nakamoto, a partner at Coopers and Lybrand (Japan), which advises Japanese companies investing in Asia, noted that a recent seminar in Japan on China's tax reforms attracted 500 participants. "This is an indication of how much Japanese companies are interested in the tax reform in China and investments in the country," said Mr Nakamoto. He said Japanese companies had experienced different stages of investments in the U.S., Europe and Asia. Once-favourite places like Thailand were beginning to be hit by over-capacity, while new destinations such as Vietnam were still underdeveloped, forcing Japanese companies to look for other investment destinations. "There is no choice for them. Due to the depreciation of the U.S. dollar, they cannot survive in Japan, they have to move out of the country," he said. "At the moment, Japanese companies are becoming more confident about investing in China and it seems to be the only country for Japanese companies to invest," he said. He noted that Shanghai was a favourite destination for Japanese and other multinationals, while Dalian was also popular, with some 500 Japanese companies already in the city.

Mr Nakamoto said Japanese companies were manufacturing products in China for distribution in the local market. As a result, these companies would be particularly vulnerable to the value-added tax. Under the value-added tax regulations, products manufactured for export are entitled to a tax reduction, but no exemption is given to products for domestic sale. The revised individual income tax is also a major concern for Japanese investors. Although the Chinese Government is not seeking to increase tax revenue under the revised tax, individuals earning more than 44,800 yuan (about HK\$39,420) a month will have to pay more tax. "For Japanese businessmen whose salary exceeds this amount, their individual income tax would increase. The tax would be paid by the employer which usually guarantees a net income for employees," said Mr Nakamoto. Despite these concerns Japanese companies are becoming more interested

in China and are diversifying their investments from manufacturing into retail and service sectors.

Japanese-Funded Ink Company Set Up in Tianjin OW1802060294 Beijing XINHUA in English 0504 GMT 18 Feb 94

[Text] Tianjin, February 18 (XINHUA)—The Tianjin Toyo Ink Co. Ltd, a new Sino-Japanese joint venture in this north China port city, will go into operation in April this year.

According to Li Zhaolong, general manager of the company, it will be the biggest ink producer in China. When it is completed it will be able to produce more than 30,000 tons of ink annually.

The company involves a total investment of 48 million U.S. dollars and an investment profit rate of 18.9 percent, he said.

Li added that the Japanese Toyo Company will assist in the development of a new ink factory of 50,000 sq m, to be built by the Tianjin Joint Stock Ink Company, whose products, such as "Tiannu" and "Xiangyang" ink, enjoy a good reputation in both the domestic and world markets.

The agreement for building the joint venture was signed at the end of 1993, and the first foreign investment installment of 11 million U.S. dollars has already arrived, the official added.

Southeast Asia & Pacific

Spokesman Rejects SRV 'Warning' on Spratlys Oil Exploration

HK1802105494 Hong Kong AFP in English 1001 GMT 18 Feb 93

[Text] Beijing, Feb 18 (AFP)—China brushed aside Friday a warning from Vietnam against sending oil exploration vessels to the disputed Spratly islands, and denied breaching any bilateral agreement with Hanoi.

"China has indisputable sovereignty over the Spratly islands and their adjacent seas," a Foreign Ministry spokesman said.

Following reports that two Chinese prospecting ships were on their way to the Spratlys, Vietnam warned China on Thursday that their presence would violate an agreement to avoid complicating negotiations on the disputed archipelago.

Since China and Vietnam normalised relations in 1991, both sides have repeatedly accused each other of violating their sovereignty over the tiny atolls.

"It is entirely justifiable and legitimate for Chinese ships to conduct inspection activities on the adjacent seas of

the islands," the spokesman said, adding that "the question of violating written agreements between Vietnam and China does not exist."

As well as China and Vietnam, Taiwan, Malaysia, the Philippines and Brunei all claim at least some of the islands, which are near vital shipping lanes and are believed to lie above substantial oil reserves.

SRV Spokesman Views Normalizing Relations With U.S.

OW1702140394 Beijing XINHUA in English 1333 GMT 17 Feb 94

[Text] Hanoi, February 17 (XINHUA)—Vietnamese Foreign Ministry spokeswoman Ho The Lan said today that normalization of Vietnamese-U.S. ties should have no political conditions attached.

She told reporters that Vietnam would hold dialogue with the United States on all issues of common concern, including human rights, on the basis of equality and mutual respect but including non-interference in each other's internal affairs.

She said that the process of normalization of relations would depend on the efforts and sincerity of both sides.

Since the United States announced it was lifting its trade embargo against Vietnam on February 3, the human-rights issue has become the major problem in Vietnamese-U.S. relations.

The U.S. Assistant Secretary of State Winston Lord, who is in charge of Asian affairs, has said the relations between the two countries would develop only if Vietnam demonstrates an improvement in its approach to human rights.

However, Ho The Lan said that although Vietnam believes in the importance of developing ties with the U.S. it would be on the basis of non-interference in each other's internal affairs.

She added that the two sides have agreed to discuss in Hanoi the set-up of liaison offices and will hold talks on the human rights issue in New York at the end of this month.

Australia's Keating Hopes Hong Kong's Stability Continues

OW1602093794 Beijing XINHUA Domestic Service in Chinese 1318 GMT 15 Feb 94

[By reporter Chen Xin (7115 2450)]

[Text] Canberra, 15 Feb (XINHUA)—Australian Prime Minister Keating told visiting Hong Kong Governor Chris Patten in their talks this afternoon that he wishes to see the continued prosperity and stability of Hong Kong in the transition to Chinese sovereignty in 1997.

In a phone interview with XINHUA, a spokesman for Keating said that during the talks, the prime minister stressed that Hong Kong's prosperity and stability is important to Australia. The spokesman said: The talks between Keating and Patten focused on reinforcing bilateral economic relations and trade, Hong Kong's role in the Asia-Pacific Economic Cooperation forum, and regional security.

Australia has close economic ties with Hong Kong. Hong Kong is among Australia's top eight trading partners. Australia's investment in Hong Kong rose 23 percent last year, approaching \$1.8 billion.

Patten started his week-long official visit here on 13 January. Although he claimed that the main purpose of his visit is to reinforce bilateral economic ties, in a speech he gave last evening and in his conversations with press circles, he went to great lengths to publicize his "constitutional reform package" in an attempt to win Australia's support.

Keating has said publicly that his government is not interested in Patten's "constitutional reform package."

Leaders of Overseas Chinese organizations and business circles in Australia have issued statements one after another in recent days which said that Patten and the stuff he is trying to promote in Hong Kong are not welcome in the Chinese community in Australia.

Political & Social

Deng's Remarks on Peace, Development Viewed
HK1802111394 Beijing RENMIN RIBAO in Chinese
 14 Feb 94 p 5

[“Seriously Study Volume 3 of the *Selected Works of Deng Xiaoping*” column by Yang Chengxu (2799 2052 4872): “Peace and Development—Two Contemporary Major Themes”]

[Text] The contents of the approximately 30 articles and speeches in Volume 3 of the *Selected Works of Deng Xiaoping* focus on the two major themes of peace and development. Comrade Deng Xiaoping pointed out in 1985: “Peace and economy or development, which are global strategic issues, are the real major issues in the world today. Peace is the question of East and West while development is a question of North and South.”

I

Focusing on the major issue of “peace,” Comrade Deng Xiaoping’s expositions on the evaluation of the international situation, opposing hegemonism and power politics, and correctly handling relations between states are particularly worth studying and pondering.

How To Evaluate the International Situation

For a long time, China has always believed that a world war is pressing and inevitable. Many of our policy decisions, including the distribution of the first, second, and third line construction and the policies of “dispersing the population and moving to the mountains and caves” all proceeded from this viewpoint. In view of such an evaluation of the situation, it was necessary to take class struggle as the key link and take war preparedness rather than economic construction as the central task. From the founding of the PRC to the late 1950’s, a number of countries and regions have suffered economic difficulties. During this period, Japan, the “four dragons,” and the Southeast Asian nations seized the opportunity to accelerate their economic growth. However, China missed its chance.

On 4 June 1985, Comrade Deng Xiaoping pointed out at an enlarged meeting of the Central Military Commission: “Following the downfall of the ‘gang of four,’ particularly after the Third Plenary Session of the 11th CPC Central Committee, changes have been effected in our evaluation of the international situation and in our external policies. These are the two major changes.” The first change constituted an understanding of war and peace. We changed our original view, which maintained that the danger of war was imminent. Instead, we insisted that “large scale wars are not likely to break out for a relatively long time, and there is hope for maintaining world peace. The second change was effected in our external policy. We readjusted our policy toward the Soviet Union, pursued an independent foreign policy, and “did not join any bloc. We were willing to have

contacts and make friends with all countries. We opposed the countries which pursued hegemonism and invaded others.” We improved our ties with the United States as well as the Soviet Union.

In light of our basic judgment of the international situation, China implemented a policy of reform and opening up since 1978 and succeeded in shifting from taking class struggle as the key link to focusing attention on economic construction. In the face of the turbulent international situation and the economic recession of the West since 1989, China particularly maintained political stability and rapid economic growth. We perseveringly implemented an independent peaceful diplomatic policy, opposed hegemonism and power politics, enhanced China’s international status, and made our due contribution to safeguarding world peace.

We Were Opposed to Hegemonism, Power Politics, and Interference in Other Countries’ Internal Affairs

The first article of Volume 3 of the *Selected Works of Deng Xiaoping* stresses that opposing hegemonism—striving for the unification of the motherland—including Taiwan—and safeguarding world peace are the three major tasks facing the Chinese people in the 1980’s. Tremendous changes have taken place in the international situation since the end of the 1980’s. Comrade Deng Xiaoping pointed out: “In the past, hegemonism referred to the United States and the Soviet Union. The G7 summit is now practicing hegemonism and power politics as well.” The policy of hegemonism and power politics being pursued by a number of Western nations is now primarily aimed at the vast number of developing countries, including the socialist countries. Nevertheless, the focus, forms of expression, and means of hegemonism and power politics pursued by these nations are somewhat different from those of the past. They ignore the world’s pluralism; do not respect the independent sovereignty of other countries and the people’s choice; do their utmost to impose their social systems, values, and development models on other countries; and attempt to use the so-called “democracy” and human rights to meddle in other countries’ internal affairs.

How to Handle Relations Between States and Establish a New Order

Following the end of the Cold War, the political situation of a number of countries, including the developed nations, was unstable. There was turbulence and even armed conflicts in some countries. The contradictions inherent in these countries were covered by Western contradictions for a long time in the past. Today the contradictions have intensified further. Various types of problems are intermingling at the same time: historical concerns with present-day reality, political with economic, nationality with religious, and cultural with traditional, all of which have sometimes become acute and sometimes have relaxed. Occasionally, external interference has further complicated the problems.

China has always maintained that international disputes should be resolved by peaceful means. Comrade Deng Xiaoping emphatically stated that "the five principles of peaceful coexistence are the best method for handling state-to-state relations, while other forms, such as communities, bloc politics, or spheres of influence," will all bring about contradictions and further intensify the international situation. A summary of our practical experience in handling international relations shows that the five principles of peaceful coexistence have the greatest vitality. In speeches that he delivered to foreign guests on numerous occasions, Comrade Deng Xiaoping said that China insists on establishing a new international order based on the five principles of peaceful coexistence. The most essential principle of the new international order should be noninterference in the internal affairs and social systems of other countries.

In settling disputes between countries, Comrade Deng Xiaoping pointed out: "The concept of 'one country, two systems' can be applied while handling certain international issues. If international disputes are not properly settled, they will become detonators." Regarding the Diaoyu and Nansha (Spratly) archipelagoes, "the question of sovereignty should be left aside and the islands should be developed jointly. In this way, we can eliminate the problems that have accumulated over the years."

II.

Comrade Deng Xiaoping paid great attention to the question of development. He pointed out: "The North-South question is critical" and "this question should be realized from the high plane of human development." Instead of narrowing, the gap between the north and south has widened even further. The continued development of a small number of developed nations cannot be based on the continued poverty of the developing nations. If the developing nations cannot further develop themselves, it will be difficult for the developed nations to export their capital, develop trade, and seek a market, which will eventually affect their economic growth.

Since the late 1970's, the developing nations have experienced an unprecedented serious crisis in their development and the per capita GNP of the Latin American and African countries has shown a negative growth for 10 successive years. The 1980's were the "lost decade" and "a decade of retrogression" for most of the developing nations. If calculated according to per capita GNP, the gap between the developed and developing nations widened from 12-fold to over 20-fold, within which the gap between the United States and Ethiopia widened from 80 to 198 times. Meanwhile, the poverty of the developing countries aggravated further, as pointed out by the World Bank: Since the 1980's, except for a small number of East Asian countries, the poverty of the vast number of developing countries aggravated. According to estimates, poor people in the Asian, African, and Latin American countries totaled 1.4 billion by the late 1980's, or 35 percent of the world's total population. They

almost could not even get the lowest level income to support themselves. Moreover, the developing countries also had to struggle with hunger, disease, and ignorance. The people suffering from hunger and malnutrition exceeded 1.5 billion; children dying from diseases topped 14 million a year; and the rate of adult illiteracy in the most underdeveloped nations went as high as 66 percent.

The root cause of the widening of the gap between the North and South and the aggravation of poverty lies in the unfair old international economic order. The crisis in development was also the result of the deteriorated international economic environment in the 1980's: Debt crisis, Western protectionism, and a slump in the prices of raw materials and primary products. According to incomplete statistics, because of the payment of debts, the deterioration of trade conditions, a slump in the prices of primary products, and a loss in income from exports resulting from Western protectionism as well as payment for investment profits and technology transfer, capital outflow, and brain drain, the developing nations suffered an annual loss of \$500 billion. The annual flow of such huge development resources from the South to the North further widened the gap between the rich north and poor south.

The 1990's will be an important period for development. Following the end of the Cold War, changes have taken place in the international political environment, and many countries have summed up their experience and lesson drawn particularly in the 1980's, have reexamined their development strategy and economic policies, have readjusted their economic structures, and have promoted South-South cooperation. According to estimates by the International Monetary Organization, the economic growth of the developing countries will be 6.1 percent this year, far exceeding that of the developed countries. Of this, the growth in Asian countries and regions will go as high as 8.7 percent. China's rapid economic growth has particularly attracted worldwide attention. However, the economic growth of the developing countries has been uneven, and the per capita GNP of the sub-Saharan African states has continued to drop. On the whole, the situation of developing countries will still be grim in the 1990's. Apart from debts, the slump in the prices of primary products, and other difficult problems, there are also unfavorable factors in the economic growth of the developing countries. The rapid development of science and technology of the developed nations will further widen the science and technology gap between the North and South. Following the end of the Cold War, contradictions between the Western nations sharpened, their frictions increased, and their scramble for the market became more acute. The restrictions imposed on trade by the West extended from the traditional manufactured goods and farm produce to high-tech products, labor, intellectual property rights, and other areas. This affected the developing countries, which lacked resistance, and particularly hindered the readjustment of

their industrial structure and export of their manufactured goods. The trend of international regional economic groupings accelerated further. The big EC market and NAFTA [North American Free Trade Agreement] excluded most of the developing countries, which have not joined the economic blocs led either by the United States or Europe, throwing them into a more isolated and unfavorable position and reducing their chances for obtaining the market for capital and technology. Economic and technical aid, loans, and direct investment by the Western countries to the former Soviet Union and East European countries have increased in recent years. But the developed countries have taken the opportunity of the pressure on competition in the international capital, technology, and commodity markets to demand high prices from the developing countries. Some Western powers even seized the opportunity of the economic request from the developing countries to pursue power politics and economic hegemonism.

From an overall point of view, the developing countries will be in an unfavorable position in their development in the next decade. Economic growth in the East Asian and some Latin American countries is likely to speed up, but the prospects for the growth of most of the developing countries, especially the sub-Saharan African countries, is by no means optimistic. In short, the economic and technological gap between the North and South will widen further.

III.

Despite the recent changes in the international situation, China has unwaveringly adhered to an independent peaceful diplomatic policy, has calmly observed and steadily dealt with the situation, and has maintained its position. By 1993, China had established diplomatic relations with 158 countries. Following the establishment of its diplomatic relations with the Republic of Korea in 1992, China had diplomatic relations with all the Asian countries, except Bhutan. Regarding the 16 countries which share a boundary with China, the boundary conflicts between China and some countries that were left over from history are being settled one by one. China has now established relations of mutual respect, friendship, and cooperation with all its neighbors, making this the best period in China's ties with the surrounding countries.

Sharing the same historical experience, China has always sympathized with and supported the vast developing nations. In the current situation and the struggle against hegemonism and power politics, they share the same interests and extensive common understanding of international issues. China has become an observer in the Nonaligned Movement that was launched by the developing countries. China's ties with the Group of 77 has also entered a new historical period.

China also attaches great importance to its ties with Western nations. Following several setbacks, China's ties

with the Western countries have improved and developed since the 1980's. The mutual ties between China and the Western nations conform to their common interests and are conducive to world peace. This is necessary and also possible. There are problems in China's ties with some Western nations, however, which is abnormal.

As the Cold War has come to an end, regional conflicts which arose against the background of the rivalry between the two superpowers have eased, and some are being mitigated. Nevertheless, the current international situation is by no means stable and all kinds of contradictions have become increasingly acute. Violent turbulence and bloody conflicts have spread in many regions, and the question of poverty and hunger has become increasingly serious.

Therefore, in his talks during the trip to Wuchang, Shenzhen, Zhuhai, and Shanghai early last year, Deng Xiaoping pointed out: "To date, neither of the two major issues of world peace and development has been resolved."

Li Peng Solicits Views on Government Report

OW1802123894 Beijing XINHUA Domestic Service in Chinese 1017 GMT 18 Feb 94

[By Central People's Broadcasting Station reporter Tian Shanchuan (3944 1427 1557) and XINHUA reporter He Ping (0149 1627)]

[Text] Beijing, 18 Feb (XINHUA)—On the afternoon of 17 February, Premier Li Peng invited leaders of the democratic parties, the All-China Federation of Industry and Commerce [ACFIC], and public figures without party affiliation to a forum at Ziguanqie Hall in Zhongnanhai to hear their views on the draft government work report (for soliciting opinions). Comrades attending the forum noted that the fact that Premier Li Peng presides over a forum to solicit views on revising the government work report serves as a vivid example—between the party and government on one hand and the democratic parties and non-party people on the other—of sincere joint discussion of national affairs. It is a good way to bring into full play and demonstrate the importance of the democratic parties' participatory role in the deliberation and administration of state affairs and the exercise of democratic supervision.

The atmosphere at the forum was harmonious and warm. Leaders of the democratic parties and non-party people spoke one after the other. They held that this year's government work report is in keeping with the CPC Central Committee's basic policy for the work of the whole party and the whole nation for 1994, and the overall requirements of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability." The report, which is brief, to the point, and gives appropriate emphasis on key points, will certainly have a positive impact in terms of inspiring people of all nationalities to unite as one and

work with one heart and one mind to build socialism with Chinese characteristics. At the same, participants also offered forthright and specific views and suggestions on revising the report.

In their speeches, Sun Qimeng, chairman of the Central Committee of the China Democratic National Construction Association [CDNCA], and Cheng Siyuan, a public figure without party affiliation, focused on transforming the operating mechanism of state-owned enterprises and establishing a modern enterprise system that meets the needs of a socialist market economy. Sun Qimeng said: Portions in the report dealing with this subject are clear in their basic ideas. We could, however, expand a little in regard to specific measures.

Lei Jieqiong, chairman of the Central Committee of the China Association for Promoting Democracy [CAPD], said: This year's report lays more stress on contents that deal with promoting spiritual civilization. However, we should give them even greater emphasis, especially the parts concerning the importance and urgency of developing education. We should spell out more clearly ways to further implement the Law on Compulsory Education and the Teacher's Law.

Wu Jieping, chairman of the Central Committee of the Jiusan Society, suggested: In the portions of the report dealing with promoting spiritual civilization, it is necessary to stress that media and publication units should provide correct guidance for public opinion, offer mental products of high quality for the broad masses of the people, resist the corrosive influence of all types of decadent ideas, purify the atmosphere of society, and create a good environment for economic development, reform, and opening up.

Qian Weichang, vice chairman of the Central Committee of the China Democratic League [CDL], said: Non-observance and lax implementation of laws are prevalent nowadays. It is suggested that the report give greater prominence to contents dealing with the strengthening of democracy and legality. We should continue conducting in-depth education on democracy and legality among citizenry and cadres at all levels to enhance their awareness of the law and to make them conscientiously abide by the law.

In their speeches, both Cai Zimin, chairman of the Taiwan Democratic Self-Government League [TDSLGL] Central Committee, and Peng Qingyuan, executive vice chairman of the Revolutionary Committee of the Chinese Kuomintang [RCK] Central Committee, touched on the question of stepping up efforts to promote clean government and fight corruption. They said the anticorruption drive has won popular support and yielded initial successes; and the report should further emphasize the urgency and protracted nature of the drive in order to build up the trust of the broad masses.

Fang Rongxin, executive vice chairman of the Chinese Peasants and Workers' Democratic Party [CPWDP] Central Committee; Yang Jike, executive vice chairman

of the Zhi Gong Dang Central Committee; and Zhang Xuwu, executive vice chairman of the ACFIC, submitted written statements.

After listening to speeches, Premier Li Peng said: A host of constructive suggestions have been put forward in speeches. They are helpful for revising the government work report and further improving the work of the government as well. It is hoped that opinions and suggestions will be aired continually through various channels. The government will earnestly accept opinions and suggestions.

As he spoke, Li Peng had a candid exchange of views with senior officials of the democratic parties and ACFIC and people without party affiliation on issues raised in their speeches on changing the operating mechanisms of state-owned enterprises, developing educational undertakings, and promoting clean government.

Vice President Rong Yiren was present at the forum, which was attended by Wang Guangying, ACFIC honorary chairman; Lu Jiaxi, CPWDP Central Committee chairman; Li Ganliu, RCK Central Committee vice chairman; Ding Shisun, CDL Central Committee vice chairman; Wan Guoquan, CDNCA Central Committee executive vice chairman; Chen Shunli, CAPD Central Committee executive vice chairman; Wang Songda, Zhi Gong Dang Central Committee vice chairman; Xu Cai-dong, Jiusan Society Central Committee executive vice chairman; and Chen Zhongyi, TDSGL Central Committee vice chairman. Fei Xiaotong, CDL Central Committee chairman; Li Peiyao, RCK Central Committee chairman; and Dong Yinchu, Zhi Gong Dang Central Committee chairman; were unable to attend the forum because they were not in Beijing.

Also attending the forum were State Council Vice Premiers Zou Jiahua and Li Lanqing; Luo Gan, state councillor and concurrently secretary general of the State Council; Wang Zhaoguo, vice chairman of the Chinese People's Political Consultative Conference National Committee and concurrently director of the United Front Work Department of the CPC Central Committee; Liu Yandong, deputy director of the United Front Work Department of the CPC Central Committee; Li Shuwen, deputy secretary general of the State Council; and Wang Menggui, deputy director of the State Council Research Office and responsible person of the Government Work Report drafting group.

Zhu Rongji Attends Qian Zhiguang's Cremation
OW1802133794 Beijing XINHUA Domestic Service in Chinese 0754 GMT 18 Feb 94

[Excerpt] Beijing, 18 Feb (XINHUA)—The remains of Comrade Qian Zhiguang, an outstanding member of the Communist Party of China, a proletarian revolutionary, and a former adviser of the State Council, were cremated today in Beijing.

Comrade Qian Zhiguang passed away on 5 February in Beijing of an illness at the age of 94. Among those who bade farewell to the remains of Comrade Qian Zhiguang at the Babaoshan Revolutionary Cemetery this morning were Zhu Rongji, Hu Jintao, Rong Yiren, Li Lanqing, Song Ping, Chen Muhua, Hong Xuezhong, Zhao Puchu, Hu Sheng, and Qian Zhengying; they also expressed condolences to the members of his family. Central leading comrades also conveyed condolences from General Secretary Jiang Zemin and Premier Li Peng to Liu Ang, wife of Comrade Qian Zhiguang.

When Comrade Qian Zhiguang was critically ill and after he passed away, Chen Yun, Zou Jiahua, Wan Li, Yao Yilin, Bo Yibo, Zhang Zhen, Ren Jianxin, Sun Qimen, Li Peiyao, Wu Jieping, and others expressed their concern and then condolences to the members of his family. [passage omitted]

Li Ruihuan Inspects Fujian Province

HK1802092294 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 17 Feb 94

[Text] According to a FUJIAN RIBAO report, during an inspection of Fujian, Li Ruihuan, member of the Political Bureau Standing Committee and chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], stressed: The concept on the masses and practice is the basic concept of Marxism and is also a fundamental question which all levels of leading cadres should always pay attention to in the course of establishing the socialist market economic structure.

Shortly after the Spring Festival, Li Ruihuan, in the company of Jia Qinglin, provincial party secretary and governor, and Provincial CPPCC Chairman You Dexing, visited Fuzhou City's enterprise development zone, residential areas, and schools. He also held talks with scientific and technical personnel and teachers and solicited their opinions on reform and construction. Li Ruihuan fully confirmed Fujian's achievements since the introduction of reform and opening up, particularly its achievements in recent years. He expressed important views on problems concerning the establishment of the socialist market economic structure.

Li Ruihuan said: The process of establishing the socialist market economic structure is actually a process of the masses creating history. We should always uphold the concept about the masses, do everything for the masses, protect their interests, understand their limits, and do our best so that the masses will benefit most from our policies and work. We should rely on the masses in everything, respect their creativity, fully display their initiative, and help them overcome all difficulties and dangers.

Li Ruihuan pointed out: The establishment of the socialist market economic structure is, in the final analysis, a matter of practice. Therefore we should always firmly uphold the concept of practice first, value the

importance of practice, boldly carry out practice, and be good at practice. In the course of practice, we should study theory, improve our understanding, and sum up and create advance experience. In this way, we will be able to avoid detours and mistakes and promote the steady development of reform.

Li Ruihuan stressed: All levels of cadres should deepen their understanding of the importance of the concept on the masses and practice, should conscientiously study Marxist theory—particularly Comrade Deng Xiaoping's theory on the masses and practice—and should improve their awareness of the need to respect the masses and practice. In this way, our cadres will become people's officials who enjoy popular support.

During his inspection, Li Ruihuan listened to a work report by the provincial CPPCC Committee and visited CPPCC leaders, people in charge of democratic parties, and government functionaries.

Reportage on Leaders' Activities 3-18 Feb OW1802095494

[Editorial Report] PRC media carried the following reports on PRC leadership activities from 3 to 18 February 1994. The sources are noted in parentheses after each report.

Wu Bangguo, Huang Ju Greet Model Workers

A Spring Festival tea party for 250 Shanghai model workers was held at the Hongqiao Guesthouse on the afternoon of 3 February. Municipal leaders Wu Bangguo, Huang Ju, Chen Liangyu, Chen Tiedi, Luo Shiqian, and Ye Gongqi attended. (Shanghai People's Radio Network in Mandarin 2300 GMT 3 Feb 94)

Wu Bangguo, Huang Ju Visit Retired Cadres

On the morning of 3 February, Wu Bangguo, Huang Ju, Chen Zhili, Wang Liping, Chen Liangyu, Chen Tiedi, Zhao Qizheng, Luo Shiqian, Sun Guizhang, Xie Lijuan, and Gong Xueping, leaders of the Shanghai Municipal CPC Committee, Shanghai Municipal People's Congress Standing Committee, and Shanghai Municipal People's Government, called on retired cadres receiving medical treatment at hospitals in Shanghai to wish them a Happy Chinese New Year and an early recovery. (Shanghai People's Radio Network in Mandarin 2300 GMT 3 Feb 94)

Wu Bangguo Greets to Transport Workers

On the morning of 11 February, Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal CPC Committee, came to the No. 1 Streetcar Company to greet workers on duty. Wu said: "Shanghai has done a good job in the last year. One of the important things is that public transport staff and workers have worked despite poor road conditions. I am grateful for your work and congratulate you on your performance last year. This year, we should

strive to improve and resolve to make a breakthrough in tackling some of the problems. First, the vegetable basket problem; second, the housing problem; third, loss-making enterprises; and fourth, the relocation of residents and (re)settlement of construction workers). There is another important problem which calls this year for your continued efforts—the transport problem. The future of transport is bright, but you have to work harder and I urge you to better handle Shanghai's transport problems. Here, I extend my best wishes to the 90,000 staff and workers and 8,600 CPC members in this sector, hoping they have a happy New Year, happy family lives, and greater growth in the business. Thank you." (Shanghai People's Radio Network in Mandarin 2300 GMT 11 Feb 94)

Chen Xitong, Li Qiyun Help Clear Away Snow

On the morning of 11 February, Beijing Municipal CPC Committee Secretary Chen Xitong and Mayor Li Qiyun took the lead in clearing away snow in front of the municipal CPC committee and the municipal government buildings. Chen Xitong hoped all families would clear the snow in front of their homes as a concrete step toward promoting spiritual civilization. (Beijing XINHUA Domestic Service in Chinese 0905 GMT 11 Feb 94)

Dissident on Medical Parole Arrested Again

HK1802044294 Hong Kong AFP in English 0432 GMT 18 Feb 93

[Text] Hong Kong, Feb 18 (AFP)—A dissident Chinese editor on medical parole was arrested again by police in the northern Chinese city of Xian, the US-based Asia Watch said Friday. Li Guiren, 50, was taken from his home in Xian early Thursday by about a dozen plain-clothes police officers who said they were returning him to Weinan prison, the human rights group said in a news release. He had been serving a five-year sentence for his role in the 1989 democracy protests in China, Asia Watch said. He had been the chief editor of the Huayue Publishing House in Xian before his arrest in 1989.

Li, who was granted medical parole a year ago, was said to be still so ill that he could only take a few steps before he was out of breath. "The officers did not explain the detention or present Li's family with any document ordering his reincarceration, but merely woke him up and took him away," the group said. Asia Watch called on the Chinese authorities to release Li, as Chinese regulations generally permit medical parolees to remain free until they had "recovered." The group said that Li's health was such that a return to prison could have "serious consequences". It said that during his three and one-half years in prison, Li did not receive proper medical care for serious heart and gallstone problems.

Li has published articles outside China describing his prison experiences and articulating his views about the need for democratization and human rights in China. He continues to insist that he was "illegally" detained, tried

and convicted of "counterrevolutionary propaganda and incitement," and has fought with his former work unit over its refusal to pay his medical expenses.

Paper Views Problems in Government Restructuring

HK1802041094 Hong Kong HSIN PAO in Chinese 16 Feb 94 p 18

[By Liu Yue (0491 6390): "Given the Loss of Key Members and the Imbalanced Structure, the Situation Regarding Chinese Government Functionaries Is Worrisome"]

[Text] It is a universal phenomenon that cadres "cannot be retained by, or transferred to or away from" state organs in China. A considerable number of high-quality professional cadres have already gone; cadres still working in organs are generally thinking of quitting office; and high-quality personnel who suit the needs of particular organs cannot be transferred to those organs, whereas functionaries who are not qualified for the work in organs hold on to their posts. These results are indicated in the latest authoritative survey.

As China is trying to develop a market economy, the previously sacred halos of administrative officials have disappeared and economic earnings comprise the most important, or even the only, yardstick for measuring people's ability and status. At present, the wealth gap between administrative officials in organs and people belonging to high and medium income groups keeps widening. With the exception of some officials who have real power and can exchange power for money, administrative officials in general have low incomes and poor remuneration. For example, the annual per capita income of administrative officials in the Ministry of Metallurgical Industry in the form of wages is 3,040 yuan. As far as young couples are concerned, it is very difficult for them to support themselves if both the husband and wife work in organs. A three-member family earns less than 450 yuan per month but the parents have to spend more than 200 yuan on enrolling their child in a nursery and on other expenses. The money left over is all for the living expenses of the family, which means that it is difficult to support even a very basic living standard. Furthermore, the present personnel system in government organs in China is very irrational and the phenomenon of promoting personnel by seniority alone is very acute and, for various reasons, there is often no way to promote some young and promising people.

Colleges Students Are Not Interested in Organs

Because of the two abovementioned major factors, functionaries in government organs generally feel that the prospects for staying in organs are not good and that the future is uncertain. Thus, they resign and move to other sectors. The social status of organ work is also declining and college students have begun to lose interest in

organs. Consequently, there is a saying in society which admonishes children to "be diligent in their studies, otherwise you will be ordered to act as organ cadres in the future."

As indicated by the survey, functionaries who want to move away from organs have four characteristics. First, most of them are below the age of 40, accounting for 76 percent of the total number wanting to move; second, 76 percent are male functionaries; third, a large proportion of them have good academic qualifications, over 90 percent of them having bachelor's or higher academic degrees; and fourth, most of them are in good health. On the other hand, functionaries who want to stay in organs and who are unwilling to be transferred even when asked to have the following characteristics: First, 49 percent of them are over 40 years' old, far greater than the proportion of the same age group in functionaries who want to go, that is, 24 percent; second, females account for 37 percent, which is greater than the proportion of female functionaries in organs and greater than the proportion of females to functionaries who want to go, that is, 24 percent; and third, functionaries in poor health, generally speaking, do not want to be transferred away.

Enterprises Like Employing Organ Functionaries

Viewed from the survey of functionaries who were transferred to organs over the past few years, 27 percent of them wanted to solve their housing problems; 15 percent of them wanted to advance their administrative grades; and 50 percent of them filled in "other reasons." The latter group of functionaries were mainly college graduates of that year and most of them considered government organs as a stepping stone.

For example, an overwhelming majority of people in Shenzhen who want to work in government organs have two goals in mind—the first is to register their residence in Shenzhen and the second is to be allotted a welfare house. Once the two goals have been achieved, they will then move to companies which can offer them higher salaries. In particular, they will move to companies wherein personnel are free to come and go.

A very noticeable phenomenon is that all types of enterprises and companies are very willing to employ functionaries from government organs and offer them high salaries. An important reason is that, because of their wide social connections, these people are closely linked to organs of power. Since they understand policies as well as policy loopholes, their usefulness is far greater than the salaries paid.

The phenomenon whereby cadres "cannot be retained by, or transferred to or away from" state organs has already caused, and will continue to bring about, grave consequences.

Government Restructuring Is Finding Difficulties in Preceding

There was a vicious cycle in the past when the Chinese Government implemented macroeconomic regulation, in that the economy "would stagnate once stricter control was imposed" and it "would become chaotic once the control was lifted." One of the key factors was that the overall quality of government organ functionaries was too low. With more and more resigned and transferred personnel, government administrative officials will be faced with the following structure—There are more young and old cadres than middle-aged ones; few of them have strong working capability, most of them are mediocre, and those with poor performance remain in office because they are not willing to go even when they are asked to; and the proportion of female cadres, and cadres in poor health, is becoming greater and greater. In the long run, would it be idle talk for the Chinese Government to strive to establish a perfect and effective mechanism of macroscopic regulation?

The honest image of the Chinese Government has been very much impaired since reform and opening up began. Some administrative officials embezzle public funds, take bribes, and exchange power for money, and the masses have many grievances against them. Apart from the factor of low quality, excessively low income and the irrational cadre system are also key factors. If no effective measures are taken to solve the problem of "failing to retain cadres or transfer them into or away from organs," the working style of government organs will only deteriorate and more and more cadres will defy the law in making reckless moves.

As mentioned in the preceding paragraphs, the reason why all types of companies are willing to employ personnel who have resigned or transferred from government organs and offer them high salaries is that these personnel have very high "use value." If they give play to their superiority of mastering certain state secrets, maintaining close links with organs of power, and understanding policies and policy loopholes and using this to deal with the state in order to seek private gain, the negative effects are obvious.

The National Restructuring Work Meeting, which was held not long ago, decided that from 1993 to 1995, it is necessary to initially establish the basic framework for a civil service system, set up a competition-inspiring and "metabolic" mechanism as well as a mechanism of clean government, improve the quality of the government functionaries contingent, and improve the efficiency and standard of administrative management. The idea is wonderful but there is still a long way to go if the Chinese Government is to really retain government functionaries and transfer them into and away from organs.

Since personal interests of many administrative officials are involved, it is very difficult to even take a small step forward in government restructuring as has been proved by past practices of reform in China.

AFP Reports on PRC Film Industry

*HK1802091994 Hong Kong AFP in English 0832 GMT
18 Feb 93*

[Text] Beijing, Feb 18 (AFP)—The lid was finally lifted off the crisis in Chinese cinema last year, with a plummeting box office reflecting the dismal quality of domestic films, the China Business Times said Friday.

Despite the international success of a handful of Chinese movies, the national film industry had one of its worst years on record, with audience figures plunging 60 percent compared to 1992 and box office takings down 35 percent, the newspaper said.

According to analysts quoted by the newspaper, the main reason behind the drop in attendance was the poor quality of local productions. At the same time, the film industry no longer commands a captive audience as the choice of recreational activities for Chinese has widened considerably.

The only success stories of last year were films co-produced with Hong Kong financing, but this trend is to be cut short this year following a government decision to reduce cooperation overseas, limit the number of co-productions to 26 and ban the creation of joint venture production companies on the mainland.

The ministry of culture announced the measures in January, saying that films produced in cooperation with Hong Kong or Taiwan were dominating the domestic market at the expense of wholly mainland-produced films.

Observers here said the ministry's announcement reflected the government's desire to reassert control over the national film industry, which has enjoyed increasing autonomy in recent years.

Chinese director Chen Kaige's epic "Farewell My Concubine," which received substantial funding from Taiwan, recently won a Golden Globe award for Chen and the Palme d'Or at the last Cannes film festival.

The film, tracing the lives of two Chinese opera stars against the background of China's turbulent modern history, raised the ire of mainland censors, who eventually approved its release only after substantial editing.

Economic & Agricultural

PRC Bans Sea Dumping of Radioactive Waste

*OW1802084094 Beijing XINHUA in English 0826
GMT 18 Feb 94*

[Text] Beijing, February 18 (XINHUA)—Beginning Sunday, China will ban dumping of all kinds of radioactive wastes and disposal of industrial waste and incineration of industrial waste and sewage sludge in its sea waters, a Chinese official said here today.

According to Yang Wenhe, deputy-director of the State Bureau of Oceanography, the Chinese Government has accepted the terms of three international resolutions concerning disposal at sea of radioactive wastes and other radioactive matter and the phasing out of sea disposal of industrial waste and incineration at sea.

The resolutions were approved by member nations of the convention on the prevention of marine pollution by dumping wastes and other matter in London last November and will take effect on February 20, 1994.

"The approval and implementation of the three resolutions means a stricter global control of dumping of wastes at sea," Yang told XINHUA.

"China will strictly comply with the resolutions and implement them in letter and spirit," he said.

"China will ban the dumping of waste matters which do not conform to the standards set by the resolutions," he added. "disposing of wastes without license or dumping irresponsibly at sea will be punished severely according to law."

With special permission, disposal of low-level radioactive waste at sea is allowed, according to China's present "rules of controlling dumping at sea." Controlled low-level toxic or non-toxic industrial waste is also allowed to be dumped at sea with permission. But incineration at sea has never taken place in China.

"China will make necessary revisions of the rules and regulations concerned," Yang said.

According to the Chinese official, the dumping of wastes at sea has been under strict management and control in China, according to a system which includes application, examination, approval and issuing of permits.

The State Council has approved 38 dumping regions in China's sea waters. The major dumping material has been castoff from dredging, according to Yang.

"In recent years, no pollution accidents caused by dumping of waste in Chinese seas have occurred. Close monitoring also indicates that the water quality around the dumping regions remains fine," he said.

Provincial Resistance Brings Land Tax Changes

*HK1802023394 Hong Kong EASTERN EXPRESS in
English 17 Feb 94 p 1*

[By Bruce Gilley]

[Text] Fierce regional opposition has forced Beijing to back down on a controversial new land tax, the first time it has bent to local demands since a new national tax system was introduced earlier this year.

A senior official at the State Administration of Taxation in Beijing said the detailed regulations of the tax on capital gains on land sales—due out in late February or

early March—would differ significantly from the central government's original announcement of the basic tax law last month.

"New problems came up when we talked with Guangdong and other provinces about this, [so] adjustments will be made to take account of their views," he said.

But the official denied statements by provincial authorities in Guangdong and Shanghai suggesting the tax may be delayed for one or two years.

"I have heard this, but it is not correct. The State Council has already announced the tax, so it cannot be reversed," he said.

Coastal regions have given Beijing an earful about its plans to levy the new tax, which would have assessed real estate investment profits at rates of 30 to 60 per cent under the original scheme.

Even though local governments would have retained all the proceeds, there was concern that the tax would drive away foreign investment.

"The tax was too high. We told the central government this was not correct," said Liang Yixi, deputy director of the Guangdong Provincial Land Bureau.

Beijing finally backed down on implementation of the new tax only after numerous meetings with provincial leaders, Liang said. "The local role will be increased," she said.

Shanghai's mayor, Huang Ju, had made at least two trips to Beijing to protest against the tax in the past month, an official at the municipal Foreign Investment Commission said.

"There have been too many complaints. The central government could not just carry on," he said.

Details of the centre's retreat have been leaked to foreign economists and property consultants in the past few weeks as Beijing sought to allay the unease of foreign investors.

"The new regulations will be much more relaxed," said Chen Xingdong, chief economist for Crosby Securities in Beijing.

Chen said the changes would probably allow developers to deduct interest charges and inflation from their capital gains.

Gains of under 20 or 30 per cent would also be exempted from the tax, Chen said. In addition, local governments would be allowed to exempt certain types of property developments.

But Beijing would not change the basic rate of the new tax or the January 1 implementation date, Chen said.

"This would show their inability to manage," he said.

Local governments will also be allowed to rebate a significant portion of the tax to developers in certain circumstances, according to Harry Chan of the property consultants Francis Lau & Co in Hong Kong.

"We were told by Beijing that local governments will be given a lot of decision-making power in order to soften the effects," he said.

The backdown on the land tax is a blow to the central government, which was counting on it to boost local revenues in compensation for taking a larger share of the total fiscal pie under the new national tax system.

Only weeks ago the Minister of Finance, Liu Zhongji, stated publicly that any adjustments or modifications to the tax made by local authorities would be considered invalid.

"Local governments have no choice but to obey the regulations laid down by the central government," Liu said.

XINHUA 'Mailbox' Explains Economic Terms

Explains 'Listed Companies'

OW1802023194 Beijing XINHUA Domestic Service in Chinese 2101 GMT 10 Feb 94

[XINHUA "Mailbox": "What Is a Listed Company?"]

[Text] Beijing, 11 Feb (XINHUA)— What is a listed company? A listed company is a company which is approved to issue and list its stocks for trading on a stock exchange.

A listed company must be a limited liability stock company. However, not all limited liability stock companies are listed companies. This is because a limited liability stock company must meet certain requirements, and go through screening and approving formalities according to prescribed procedures before it can become a listed company.

Specific listing requirements for a company differ from country to country. For example, the listing requirements for a company stipulated by the New York Stock Exchange are: The company's pretax profits shall not be less than \$2.5 million for the most recent year and shall not be less than \$2 million a year for the most recent two years; its tangible assets shall not be less than \$16 million; the market value of its publicly held stocks shall not be less than \$16 million; and at least 1 million shares of its stocks are publicly held and 2,000 stockholders hold more than 100 shares of its stock.

China has also conducted experiments to list limited liability stock companies on the stock market. With approval, a stock exchange was set up in Shanghai and Shenzhen in December 1990 and July 1991, respectively. At the same time, eight limited liability stock companies were listed in Shanghai and six were listed in

Shenzhen. With the deepening of reform, more companies have been listed on the stock exchanges, and the experimental work has become more standardized. By November 1993, 157 companies had been listed, 97 on the Shanghai Stock Exchange and 60 on the Shenzhen Stock Exchange.

The listing requirements for a company stipulated by the Shanghai Stock Exchange are: The company must be one registered with the department of administration for industry and commerce; its paid-up capital shall not be less than 5 million yuan in Renminbi; the amount of the company's stocks issued to the general public shall not be less than 25 percent of its paid-up capital; the number of registered stocks shall not be fewer than 500; the company has earned profits for the two latest consecutive years; it has the recommendation of at least one Shanghai Stock Exchange member; it has set up an office in Shanghai municipal district for transactions [guo hu 6665 2073]; and it has published its financial situation regularly in at least one publicly circulated newspaper or periodical.

The listing requirements for a company stipulated by the Shenzhen Stock Exchange are: The company must be an approved limited liability stock company newly established or established through reorganization; its production line and business conform with Shenzhen City's industrial policy (for companies registered in Shenzhen; companies registered in other places must conform with the state's industrial policy); the company is in good standing in terms of production and business performance, with net assets not less than 10 million yuan; the net value of its tangible assets shall not be less than 25 percent of the total value of its tangible assets in the year preceding listing application; the founder's subscribed stocks shall not be less than 5 million yuan and not less than 35 percent of the total amount of the company's stocks; the amount of stocks issued to nonspecific individuals through public offering shall not be less than 25 percent of the total amount of the capital stocks and the number of stockholders shall not be fewer than 800; and there are no records showing that the company has violated the law or harmed the public interests in the most recent three years.

Since 1992, with the approval of authorized state departments, nine large state-owned enterprises—Shanghai Petrochemical General Plant, Qingdao Beer Plant, Beijing People's Machinery Plant, Guangzhou Shipyard, Maanshan Steel Company, Kunming Machine-Building Plant, Dongfang Electric-Machinery Plant, Tianjin Bohai Petrochemical (Group) Company, Yizheng Chemical Fiber (Group) Company—have undergone reorganization to become limited liability stock companies and made other preparations for listing according to the agreement reached between departments concerned and the Hong Kong Joint Stock Exchange. The first five companies completed listing formalities and became listed companies in the Hong Kong Joint Stock Exchange in 1993.

Explains 'Market System'

OW1802141794 Beijing XINHUA Domestic Service in Chinese 2119 GMT 11 Feb 94

[XINHUA "Mailbox": "What Is a Market System?"]

[Text] Beijing, 12 Feb (XINHUA)—In a market economy, a market system is an economic system created by an omnidirectional, mutually dependent, and open commodity market and a production-factor market.

A market system is an organic and interrelated whole composed of various markets; it requires not only a commodity market, but also various kinds of production-factor market needed for reproduction as well as various kinds of visible and invisible product market to provide the services needed in the daily life of citizens. These include commodity markets, financial markets, labor markets, technology markets, information markets, real estate markets, and cultural markets. A commodity market may be further divided into consumption markets and means of production markets.

In a developed commodity market and a market economy in which the exchange of commodities and production factors is conducted through the market, exchange is carried out according to the market economy's internal connections and through the law of market, the law of supply and demand, and the law of competition, and is not restricted by administrative rules and regulations. Various markets in the system may be divided into different types based on different factors. According to economic factors, they may be divided into consumption product markets and production-factor markets; according to the type of product, they may be divided into material products markets and nonmaterial markets; according to the scope of the market, they may be divided into regional markets, national markets, and international markets; according to the sale time lag, they may be divided into spot markets and futures markets; and according to the role and function of the product in the course of production, they may be divided into finished-product markets and capital markets.

A market system embodies colossal subordinate market systems. There are three of them. They are: A market structure system, a main market system, and a market regulatory and control system. An omnidirectional, unified, and open market system is the premise for achieving effective allocation of resources; it is also a result of a gradual development of an imperfect market system.

For a large part of the microeconomy in market operations, the role of the market system is to serve as a link in establishing a point of contact for the various principal parts of the economy; it also serves as a stage on which the vitality of the principal parts of the microeconomy are brought into play and displayed; and it creates the major conditions for rationalizing the behavior of the

principal parts of the microeconomy. Seen on a macroeconomic level, the role of the market system is manifested in its service as a foundation on which to build and perfect a macroeconomic regulation and control system; in the creation of important conditions for realizing the goals of macroeconomic regulation and control; and in giving play to the effectiveness of macroeconomic regulation and control. In the course of building a market economic system, the state must not only remold and foster the principal parts of the microeconomy and give them corresponding responsibility, rights, and benefits in the functioning of the market system, it should also nurture a sound and open market system in a planned manner.

The functioning of a socialist market economy calls for the creation of an omnidirectional market system. Only with a sound market system is it possible for the market to fully bring into play its effective regulatory role in the economic operation of the entire society. As a rule, an omnidirectional market system can be described and explained by the time lag arising from a change of hands between market objects and exchanged objects in the market. Therefore, the omnidirectional market system testifies to and explains the soundness of the market in socio-economical development from different angles; it intrinsically constitutes the completeness and perfection of the market. Therefore, in the course of building a socialist market economic system, it is necessary to vigorously nurture and help form an omnidirectional market system.

State Firms Lag Behind in Increased Profits

HK1802042694 Beijing CHINA DAILY in English
18 Feb 94 p 2

[By Wu Yunhe: "Profits Rise 62 Percent"]

[Text] China's industry generated 145 billion yuan (\$16.9 billion) in profits last year, representing growth of more than 62 per cent over the previous year.

And last year's sales were 42 per cent up on 1992, the State Statistics Bureau said yesterday.

Encouraged by the rise in profits and sales, Chinese factories have been busy gearing up industrial production since the beginning of the year, according to bureau economists.

Output in January this year jumped by more than 33 per cent over the same period last year.

The bureau has not released sales and profits for this January. But January's sales of finished products were 1.3 per cent up on the corresponding month in the previous year.

However, the loss-making factories which are sitting on large amounts of raw materials and stocks still pose a big headache for China's industrial development.

Most loss-making factories are State-owned enterprises.

And over one quarter of firms in the State-dominated heavy industry sector reported operating losses last year.

The performance of these loss-makers was considered particularly poor given that more than 68 per cent of last year's profits were generated by heavy industry.

Industry will have to improve efficiency as well as gear up production, according to the bureau.

Industrial production should slow down a bit this year due to the government's brakes-on industrial development policy, which aims to safeguard the health of the national economy.

The central government's targeted growth of industrial production should be slightly above 20 per cent this year, which is essential for ensuring a 9 per cent of GDP growth in China, official sources say.

The bureau also said that the industrial production in coastal areas is better than that of the country's landlocked regions.

Industrial enterprises in East China's coastal Shandong Province topped last year's output and sales league in the country.

However, Shanxi Province, a major coal producer in North China, came bottom, according to the bureau.

Accidents Force Closure of Coal Mines in Northeast

HK1802093594 Hong Kong AFP in English 0905 GMT
18 Feb 93

[Text] Beijing, Feb 18 (AFP)—Some 1,783 coal mines in northeastern China have been closed amid concern about the growing number of fatal accidents there, the China Business Times reported Friday.

The report blamed Heilongjiang province's Jixi city mining accidents on poor management and said the mines would be reorganised. The report did not say when or whether the Manchurian mines would reopen.

In addition, mine safety would be increased, the newspaper said.

Officials who do not properly understand mining or management and inadequately trained technical staff and miners will be replaced, the report said, adding that women employed underground will not remain in those jobs.

Emphasis will be put on upgrading safety equipment, the newspaper said.

Northeastern China is the centre of the country's coal mining industry, where dismal safety standards cause large numbers of accidents and fatalities.

In the final week of January alone, 155 people died in a series of deadly gas explosions in coal mines. The worst accident killed 99 miners.

Labour and coal officials held an emergency meeting early this month after the spate of accidents.

The worst safety conditions are in the thousands of small, private operations that have mushroomed across the country and hired workers from the countryside without properly training them, the newspaper said.

Commentary Calls For 'Optimizing' Steel Industry
OW1802022794 Beijing XINHUA Domestic Service in Chinese 2103 GMT 10 Feb 94

[Commentary by XINHUA reporter Sun Jie (1327 2638): "Quicken the Pace of Optimizing the Iron and Steel Industrial Structure"]

[Text] Beijing, 11 Feb (XINHUA)—At a recent national metallurgical work conference, Metallurgical Industry Minister Liu Qi devoted a substantial portion of his work report to admonishing people in the iron and steel industry not to miss the current, favorable opportunity to quicken the pace of optimizing the iron and steel industrial structure.

Liu Qi's admonition contains this message: China should not be merely content with its status as an iron and steel power but should redouble its efforts to narrow the gap with advanced world levels in iron and steel production, and become a strong iron and steel power. This message is justified by the fact that China's backward iron and steel production structure has caused a substantial gap between its iron and steel industry, and that of the world in terms of quality, variety, consumption, cost, and labor productivity. Statistics show that only 25 percent of technology and equipment used by China's iron and steel industry is relatively advanced, and 30 to 40 varieties of its steel products cannot satisfy demand. The energy consumption levels of key iron and steel enterprises are 40 percent more than advanced international levels. Only 83 percent of steel is turned into finished products, 10 percent less than in Japan. In terms of continuous casting ratios, China is the fourth lowest among the world's 17 countries which produce 10 million tonnes of steel each. And its real labor productivity is far below advanced international levels.

Over the past few years, the poor structure of the iron and steel industry was masked by quantitative shortages because of the substantial imbalance between supply and demand in our country's iron and steel products. Rapid growth in steel output has now effectively relieved the pressure of demand, thus facilitating efforts by the iron and steel industry to optimize its technological and economic structure. Some metallurgists in China pointed out: China's iron and steel industry has entered a transition period in which it is shifting from emphasizing "tonnage growth" to "optimizing its structure." If China wants to become a steel power capable of producing more than 100 million tonnes of steel, it cannot merely increase tonnage on the basis of its current structure but should seek increases on the basis of an optimized structure.

Because the iron and steel industry is an important raw and semifinished materials sector, its structural optimization is by no means its own internal affair; this is a demand stemming from national economic restructuring regarding the development of the iron and steel industry. For a long time to come, our country will need large quantities of various high-quality steel products if it wants to greatly expand the railway, transportation, energy, communications, automobile, and electronic sectors. For this reason, Metallurgy Industry Minister Liu Qi urged the iron and steel industry to perform the following tasks to optimize its structure: Speeding up the development of continuous casting technology to promote the optimization of steel smelting and steel rolling technology; focusing on upgrading the technical levels of a number of old enterprises and special steel enterprises; devoting major efforts to applying various new techniques and technologies; and going all out to develop domestic mines.

Liu Qi also pointed out emphatically: In optimizing the iron and steel industrial structure, we must change our concepts instead of merely increasing output and expanding the production scale to improve efficiency. The key to improving efficiency lies in increasing the technological contents of all production stages, in optimizing technological lines, and in manufacturing competitive products. We should take structural optimization as a major task which determines the iron and steel industry's long-term success or failure.

Iron and steel industry people in foreign countries now recognize that quantity and scale are no longer the sole hallmark of a country's iron and steel industrial strength. To emerge as a strong iron and steel power in the world, China's iron and steel industry must devote great efforts to optimizing its structure, and change its status as an iron and steel power with high output in favor of a strong iron and steel power with high productive capacity and productivity.

Report Views Township Enterprises

HK1702144794 Beijing ZHONGGUO XINWEN SHE in English 1350 GMT 17 Feb 94

[Text] Beijing, February 17 (CNS)—The rapid development of Mainland township enterprises has made them the main pillar of the rural economy and probably constitutes half of the total national economy, while playing an important role in leading farmers to become comparatively well-off since reform and opening to the outside world got underway. The township enterprises, however, are facing various crises after state-owned enterprises staged property rights reform, obtaining more self decision-making powers and enhancing their competitive strength.

The total output value of the country's township enterprises is reported to have been RMB 2,900 billion (renminbi) last year, of which the total industrial output value was RMB 180 billion, profits RMB 160 billion and tax paid RMB 95 billion. The industrial output value of

township enterprises last year made up 40 percent of the country's total and the exports of such enterprises were worth RMB 190 billion, making up 45 percent of the country's total export value.

The earlier form of township enterprises were people's commune-owned enterprises. The "big rice bowl" practice resulted in slow development of such enterprises. Rural productivity did not increase until the introduction of the contractual household responsibility system linking remuneration to output in 1978. A large number of surplus labourers were absorbed by the township enterprises and their rapid development was seen from then on. What was important was that the township enterprises in Guangdong, Fujian, Zhejiang and Jiangsu had much capital introduced from Hong Kong and Macao for the development of the processing industry, forming an important force in the Chinese economy.

China now has 21 million township enterprises employing 112 million workers with six million newly recruited last year. In recent years, 60 percent of the increase in the average income of farmers was earned from such enterprises. They also supplied more than RMB 40 billion to fund the development of irrigation works, scientific research, transportation, culture and education. More than 400 township enterprises had an output value of over RMB 100 million last year and 300 of them a sales value of RMB 100 million while another 100 of them had an export value of RMB 100 million.

One of the main reasons for the rapid development of township enterprises, however, was the lack of competition of state-owned enterprises due to their rigid economic system. But, after the reform of property rights and the expansion of self-decisionmaking powers of the state-owned enterprises, the township enterprises have faced five crises, including their weak operating mechanism, their reliance on the major enterprises, had management, backward technology and low quality of their products. How to settle these problems is a task facing the new situation.

Commentator Views Stabilizing Agriculture

HK1802065794 Beijing JINGJI RIBAO in Chinese
15 Feb 94 p 1

[Commentator's article: "Deepen Reform, Stabilize Agriculture"]

[Text] As the popular saying goes, "the whole year's work depends on a good start in spring." When the Year of the Rooster is replaced by the Year of the Dog, another green spring is coming. The first solar term of the Beginning of Spring has passed and the Spring Festival has also passed. Farm work all over the vast land of China is getting busy from the south to the north.

The Third Plenary Session of the 14th CPC Central Committee made a decision on the establishment of the socialist market economic structure, and the 29th to 36th points of the decision especially discuss the rural work

and the rural economy. The central rural work conference also made concrete arrangements for rural work and the rural economy. After that, the party Central Committee and the State Council adopted a number of policies and measures for rural work and the rural economy. All this came like the life-giving spring breeze and rain, and brought spring to the vast rural areas ahead of time.

What, then, are the main tasks in our current rural work? They may be summarized in five phrases. That is, stabilizing and improving basic policies; deepening reform; solving prominent contradictions; concentrating strength to develop the rural economy; and strengthening the position of agriculture as the foundation for the national economy. In particular, the link of deepening reform will play a leading and guiding role, because the settlement of many things in rural work and the rural economy have to rely on the deepening of reform.

As for deepening reform, for the time being, we should give consideration mainly to the following three issues: First, promoting the reasonable movement of production factors, giving play to peasant initiative and rural economic units, raising labor productivity and the utilization rate of all sorts of resources. The joint-stock cooperative system is a new thing in the course of reform, and it should be further advanced on the basis of summing up experience. The most important thing for township and town enterprises is to adopt flexible operational mechanisms, which must not be given up. Of course, they should continue to explore new organizational forms, rationalize property rights relationships, and give better play to competitive mechanisms. Second, establishing and perfecting the rural market system. The most important thing in this regard is to create good linkages between the rural and urban markets and between industry and agriculture. The hundreds of millions of peasant households should be properly linked with the big markets. At present, various localities have created various forms of agriculture-industry-trade integration and integrated production-supply-marketing systems. They should be further developed. Third, it is necessary to establish a state system for guiding, protecting, regulating, controlling, and serving agriculture, with stress laid on protection and service.

In the whole country, this year's reform intensity and depth will be unprecedented. We can say that this year will be a reform year in real terms. In this important year, we must properly handle the relationship between reform, development, and stability, and must maintain a stable political environment and a favorable economic environment. To achieve this purpose, we must first stabilize agriculture, ensure the sufficient supply of farm products, prevent prices from fluctuating too violently and keep price changes within the scope of social endurance. Therefore, it is never a stereotyped expression to call for strengthening the position of agriculture as the foundation for the national economy and strengthening the rural work. We must never neglect agriculture when the agricultural situation is good, and must always attach

importance to agriculture when facing arduous tasks. An important link in the adjustment of the economic structure is the proportions allotted to agriculture and industry, in which the proportion of agriculture in the national economy as a whole should be increased. This is not only related to agriculture but also to industry. At present, industry is not only facing a shortage of funds, but more importantly, it is also facing a market problem. Industrial products do not sell well and seriously over stockpiled. Then, where is the biggest market for industrial goods? It is in the vast rural areas. Without setting the rural market in motion, we will not have a stable foundation for industrial development, and the market for industrial products will shrink. Therefore, adjusting the structure and strengthening agriculture must not be just empty talk. From the central to local authorities, all must adopt the guideline and concrete measures for strengthening agriculture.

XINHUA Article Views Surplus of Rural Workers
OW1702145794 Beijing XINHUA Domestic Service in
Chinese 0154 GMT 8 Feb 94

[Article by XINHUA reporter Wang Yanbin (3769 6066 1755): "Where Can the Surplus Laborers From Rural Areas Go?—Some Thoughts on the 'Tides of Rural Workers'"]

[Text] Beijing, 8 Feb (XINHUA)— I.

With the arrival of the Spring Festival, the flow of workers from rural areas has come to an upsurge. According to reports from various localities, after the Spring Festival, more than 1 million rural workers will leave home for the first time to join the ranks of workers working away from their hometowns.

The flow of rural workers during this period has coincided with the busy "Spring Festival travel." As many as 10 million workers from rural areas are returning home for the Spring Festival, and then they will join the streams of people returning to cities after visiting their families, thus putting huge pressure on the transportation sector.

In the early 1980's, the saying that "to make a fortune, people from the east, west, south, north, and middle should go to Guangdong" began to spread. In mid-1980's, several million peasants in the hinterland came down to the Zhujiang Delta to work, thus creating a fairly big impact on local development. After this area was saturated with rural workers from other parts of China, job seekers from the hinterland went to Fujian, Shanghai, Zhejiang, Jiangsu, and other coastal provinces and cities.

While tens of thousands of peasants from Sichuan, Hunan, Anhui, Henan, Guangxi, and Hubei have moved to the south or east to work, several million skilled craftsmen from coastal rural areas have moved to the north and west. The scale and the scope of the tides of rural workers continued to broaden, causing positive

effects for urban economic and social development in addition to having some impact on society.

What worries people most is those roving peasants who cannot find jobs after experiencing many frustrations. In recent years, there invariably have been many peasants who have had to linger at train stations, ports, or other public places after the Spring Festival, thus having a negative impact on normal social life. This reporter has interviewed some jobless peasants at the Guangzhou Train Station. They did not have any idea about who would need them or where to go after they left home. Their experiences are really sad. Last spring, over 200,000 peasants in Sichuan alone became vagrants.

II.

The "tides of rural workers" are not accidental.

China has a huge population, little farmland, and a poor foundation to start with. The goal of 900 million peasants is to develop the economy and have better lives.

The implementation of the household contract responsibility system with remuneration linked to output has greatly liberated the productive forces in rural society and has pushed agriculture to higher levels. At the same time, the problem of surplus laborers caused by insufficient farmland—a problem that was formerly addressed by the system of "eating from the same big pot"—was exposed right away. This problem became more acute because of higher labor efficiency. According to some people's estimates, more than 100 million surplus laborers emerged in China's rural areas in the early 1980's.

Reform and opening up broke the old, state-planned economic pattern and changed the situation in which urban and rural areas were separated. Many peasants changed their old thinking of "growing old and dying where they were born and brought up." The space for developing production was also expanded from 1.5 mu acreage per capita to the entire village, thus creating a new situation in which "agriculture, forestry, animal husbandry, sideline production, and fisheries are launched at the same time and all businesses—industrial, construction, transportation, services, and commercial undertakings—thrive together."

Peasants widened and extended farmland by developing barren mountains, unused bodies of water, deserted beaches, and wasteland. They developed "blue farmland" in the sea and promoted farming, forestry, animal husbandry, and fisheries in an all-around way. The comprehensive development of agricultural resources has created both wealth and new job opportunities for numerous workers in the agricultural sector.

The appearance of township and town enterprises has provided hundreds of millions of peasants with a new area of development besides agricultural production. At present, country folks are active in all sectors of the national economy. In 1993, total sales of the nation's

township and town enterprises reached 2,600 billion yuan, their net profits reached 160 billion yuan, the taxes they delivered to the state totaled 95 billion yuan, the total value of goods they delivered for export reached 190 billion yuan, the value of new fixed assets reached 150 billion yuan, the amount of funds they contributed for supporting rural construction projects reached 29 billion yuan, the amounts of funds they contributed for subsidizing agricultural production and construction reached 13 million yuan, and at least 60 percent of the increase in peasants' net per capita income came from township and town enterprises. What merits mention is that more than 3 million urban residents are applying their skills in enterprises in rural areas.

The development of industrial production and commodity circulation in rural areas has given rise to the appearance of some 10,000 small towns along with the vigorous development of tertiary industry in rural areas. In rural areas there are now more than 12 million tertiary industrial enterprises providing all forms of services relevant to people's needs in terms of clothing, food, housing, transportation, cultural activities, and recreation, as well as services needed before, during, and after production, and these enterprises employ more than 40 million workers. The number of people in rural areas working part time in tertiary industrial enterprises is even higher.

While some 100 million rural laborers have changed jobs and work in factories without leaving their hometowns in rural China, over 10 million peasants in the country have moved into cities to live and work. Each year the number of peasants coming to cities to work and do business exceeds 20 million. In doing the kinds of jobs that city people are unwilling to do or for which the latter consider the pay to be unattractive, these laborers are providing urban residents with inexpensive and fast services. Today rural workers can be seen working hard in places where large developmental projects are being constructed.

During the course of reform and opening up, Chinese peasants are exploring new job opportunities for rural laborers. By the end of 1993, the total number of workers working for township and town enterprises in the country had reached 112 million. These workers, as well as the 40 million rural laborers who spent most of their time in the distribution sector and service trade even though they did not work for township and town enterprises, show that at least 110 million farmers have "washed their feet" and moved into nonagricultural sectors in the last decade, thus causing a massive transfer of the labor force from rural areas unprecedented in world history.

The development of township and town enterprises and the establishment of new towns are Chinese peasants' innovations, because of which China does not have to force large numbers of bankrupt persons to flow into the cities, which is not the case in some countries; and the state does not have finance all by itself the investment needed for industrial development and turning peasants

into workers. According to estimates, approximately 80 million surplus laborers in rural areas have found jobs in township and town enterprises since 1980, and if the state had to build factories to place many of these people, 1.6 trillion yuan would be needed. This is tantamount to several years of the nation's revenues, and if surplus laborers in rural China have to be placed in cities by the end of this century, the scale of newly built cities must be at least double that of the total number of cities today [as received]. This is simply impossible, no matter how we look at this issue.

China has a very large population, anyway, and regional development is uneven. For various reasons, the level of economic development in rural areas in central and western China and some underdeveloped areas along the coast is low, the increase in peasants' income has been slow, and problems of surplus laborers are conspicuous. This is why many peasants have left home to look for opportunities to become rich in coastal areas, cities, and economically developed areas. Nevertheless, job opportunities are not limitless in certain periods, even in coastal and economically developed urban areas. As a result, the rural workers who move from place to place to find jobs have caused this widespread "tide of rural workers."

III.

Of the 1.1 billion people in China, 900 million are peasants. All the people of the nation cannot lead a fairly comfortable life unless peasants are able to live comfortably. Whether we can attain a relatively comfortable standard of living in rural areas depends on whether we can successfully transfer hundreds of millions of surplus rural workers to other fields by the end of the century. Therefore, to understand and solve the issue of "flows of rural workers," we should take developing productive forces, optimizing the allocation of resources, and maintaining social stability into full consideration.

Rural workers moving from place to place are faced with the need to improve their lives, and some regions and enterprises do need rural workers for their own development. Therefore, we need to provide correct guidance to flowing rural workers instead of simply imposing restrictions on them. On the other hand, current conditions such as transportation can hardly accommodate large-scale flows of rural workers. The need for rural workers is limited in coastal and economically developed urban areas. In addition, our big cities and super-big cities are already "too big." If we do nothing to persuade the rural workers pouring into big cities to do otherwise, the existing urban problems are bound to worsen and will shake our society. Therefore, only by transferring surplus rural workers through multiple levels and channels and guiding the flows of rural workers in an orderly way can we ease the "tide of rural workers" fundamentally.

By making an objective analysis of the characteristics and pattern of the flows of rural workers, we will find out that existing channels for transferring rural labor are very broad.

First, the flow of rural workers from central and western regions to the east is a general pattern at present because of the disparity existing between different regional economic levels. In 1992, the total output value of village and town enterprises nationwide reached 1,758.4 billion yuan, two-thirds of which were from 10 provinces in the east and only one-third from 20 provinces in the western and central regions. In that year, the proportion of output of village and town enterprises in the gross social product in rural areas accounted for 76.91 percent in the eastern region, 63.48 percent in the central region, and 38.2 percent in the western region. The huge disparity between the central and western regions, and the eastern region is the motive force compelling peasants in the central and western regions to leave home and also where the huge potential for solving the issue of transferring surplus labor from rural areas lies. If the central and western regions and underdeveloped areas—where the tides of rural workers originate—are able to quicken the development of village and town enterprises in light of actual conditions by beginning with projects that require less input, yield greater economic results, and promise quick returns, they can improve local economies and create tens of millions of job opportunities. Baohan, which was a poor and backward mountain village in central Shandong only a dozen years ago, has struggled hard to develop secondary and tertiary industries and has become a very rich "star village." The collective assets owned by the entire village are as great as "1 million yuan" for each family. Zhangjin village, of Qianjiang city on the Jiangnan Plain, started with the garment industry and established the "Xingfu Group," whose annual output value exceeds more than 100 million yuan. They changed the name of their rundown village to "Xingfu [Happy] village." Dongzhou village, of Sanyuan County on the dry land north of Weihe, became an "industrial village" on the loess plain after developing village and town enterprises.... Villages like these have emerged in batches across the country. The thing they have in common is that they not only solve the problem of the local surplus of labor but also absorb tens of thousands of laborers from surrounding areas and other provinces by developing their own economies. In those eastern coastal and economically developed regions to which the tides of rural worker flow, we can promote cooperation between the east and the west to transfer labor-intensive industries to underdeveloped regions, thus enabling surplus rural laborers in underdeveloped regions to find jobs without having to go far away from home.

Second, another special feature of the flows of rural workers at present is that they flow to nonagricultural areas from rural areas. One reason is that peasants in rural areas seem to feel that it is hard to lead a comfortable life by working in the fields. In fact, if we lead peasants to broaden their outlook, steer them toward the market, and comprehensively develop agricultural resources in breadth and in depth by relying on agrotechnology to promote farming, forestry, animal husbandry, and fisheries in an all-around way, while at the same time combining the planting, breeding, and processing of agricultural products into a coordinated process in production and operations, we can increase agricultural efficiency by a large margin and create several million

job opportunities. In addition, rural areas also have conditions for developing village and town enterprises. Many examples of developing industry and agriculture side by side have come up in many traditional rural areas.

Third, one more pattern of the flows of rural workers is that they all want to swarm into cities and towns of economically developed areas. This shows that the industrialization and construction of small towns in the central and western regions lag behind those of the eastern region. If the central and western regions can connect the development of village and town enterprises with the development of farm and sideline products markets and the construction of small towns, as well as encourage and support local peasants and businessmen from other regions in investing, setting up factories, and opening shops in their regions, a great number of rural workers who leave home and look for jobs in other cities will be able to find jobs near their homes. In recent years, a group of towns and villages rejuvenated by developing secondary and tertiary industries have appeared in central, western, and underdeveloped areas, thus becoming the "sparks" for developing local economies.

Fourth, at present, the flows of rural workers are unchecked and are without order. An important reason for this is that they lack information about the supply of and demand for laborers. Moreover, because of the lack of intermediate service agencies in the labor market, some peasants just go out blindly and try their luck without possessing any information. Therefore, the key to making rural workers' flows orderly lies in accelerating the cultivation and perfection of the labor market system in urban and rural areas. In recent years, on the one hand, Guangdong Province established regular ties with the other provinces concerned and developed comparatively permanent labor import bases; on the other hand, Guangdong avoided importing labor during "Spring Festival travel" to gradually make the flows of rural workers into this province stable and orderly. This experience merits attention.

Fifth, it will take some time before the state of development of various trades and professions permits them to employ more surplus rural workers. A certain number of surplus rural workers will continue to exist in rural areas for quite a long time. Furthermore, the transfer of surplus rural workers and the flows of rural workers from place to place involve all sectors of society, including rural and urban areas, labor-export and labor-import areas, as well as employment departments, transportation departments, and other service organizations. Joint efforts by various departments and areas are objectively necessary. Therefore, governments in all localities at all levels must strengthen their overall planning, management, regulation, and control to do a good job of developing labor markets and relevant services, in giving advice to rural workers, and in promoting the development, utilization, and rational allocation of rural labor resources. Under the premise of ensuring agricultural development, localities should guide surplus rural workers to flow gradually and in an orderly manner to

nonagricultural enterprises and areas to thus maintain a fine social and economic order.

To encourage and guide surplus rural workers to flow gradually and in an orderly manner to nonagricultural enterprises and areas are important events vital to the overall state of national economic development. We should adopt the appropriate policies and measures to promote the quality of agriculture, the development of village and town enterprises, and the construction of small towns in an effort to transfer more surplus rural workers to or near their homes. At the same time, we must keep abreast of the information about the supply of and demand for labor and the flows of rural workers, vigorously and smoothly develop cooperation in labor affairs according to the demands of areas, and promptly sum up and popularize successful experiences in this field. With the development of the economy, all trades need more workers and also require a higher quality of

labor. After we analyzed the rural workers who have found that finding jobs is difficult, we learned that most of them are peasants who do not possess any skills and who have a low level of education. If we train surplus rural workers in various ways to improve their quality and certain of their skills, we will broaden their job flexibility, improve their money-earning skills, raise society's spiritual level, and promote social stability.

Hundreds of millions of surplus rural workers are an asset of our society. The development of the entire national economy will provide broader and wider job opportunities for surplus rural workers. As long as we continue to follow the existing road in transferring rural workers, promote the transfer of surplus rural workers through multiple levels and channels, and rationalize and optimize the allocation of rural labor resources by cultivating labor markets, we will be able to bring order to the transfer and flows of surplus rural workers.

East Region

Anhui Counties Sentence 14 Criminals to Death OW1802111094

[Editorial Report] Hefei ANHUI RIBAO in Chinese on 3 February on page 1 publishes three reports on executions of criminals in Hefei, Funan, and Woyang on 2 February.

The first report says: "On the afternoon of 2 February, Hefei Intermediate People's Court held a meeting to pronounce criminal sentences. Seven criminals, including gangsters Zhang Weiji and Ma Ziliang and robber-extortionist Wu Lin, were sentenced to death. They were escorted to the execution ground and executed by shooting. Criminals Zhang Weiji and Ma Ziliang were ringleaders of two major gangs."

The second report says: "On the morning of 2 February, Funan County held an 10,000-strong public trial to pronounce death sentence to five murderers and gang-rapists. They were executed by shooting. Twelve criminals were sentenced to imprisonment of various lengths. Another 12 criminals were arrested according to law."

The third report says: "On the morning of 2 February, Woyang County held a public trial to pronounce death sentence to murderers Liu Yuanhao and Kong Xiangqing. Fifteen criminals were arrested and 10 were sentenced."

Jiangsu Province's Rural Areas Prosper OW1702143594 Beijing XINHUA in English 1125 GMT 17 Feb 94

[Text] Nanjing, February 17 (XINHUA)—The countryside across southern Jiangsu Province, well-known as "the birthplace of township enterprises", has entered the initial stage of rural industrialization, according to a recent survey conducted by the Jiangsu Academy of Agricultural Sciences.

The region embraces three cities of Suzhou, Wuxi and Changzhou.

Township enterprises, the mainstay of the local economy, brought in 280 billion yuan in output value last year, accounting for 70 percent of the province's total.

On the other hand, high efficiency has helped reduce farming population to 9 million, with each farmer bringing in about 100 kg of grain per year from land averaging 0.05 ha per person.

So far, all 12 counties in the region have edged into the country's 100 economically powerful counties, with four among the top six. They are Wuxi, Jiangyin, Zhangjiagang and Changshu.

The introduction of the joint stock system in 1993 is viewed as a key to the region's success.

By the end of 1993, around 90 percent of partnership enterprises the provincial-level enterprises groups were born in the area, together with over 6,500 foreign-funded enterprises.

Suzhou City, whose township industry grossed 80 billion yuan in sales and 20 billion yuan in exports, has converted 4,025 of its 12,000 township firms into joint ventures.

At present, more than 90 percent of the existing 430 towns under these three cities have risen to become multi-million-yuan towns.

The township enterprises have subsidized farm production at an annual average of over 200 million yuan since 1990. Last year, the figure reached 360 million yuan.

The degree of farm mechanization in some of its cities and counties has reached the level of developed countries.

A comprehensive system of farming services has been coordinated throughout the region, ranging from plant protection and irrigation to seed and fertilizer supplication.

All-round services have reduced heavy field labor by 70 percent and farmers have higher income than most workers of enterprises.

At present, farmers in the region have contracted for cultivated land of more than 33,350 ha from the collectives, accounting for 15 percent of land for planting cash crops.

Shanghai Secretary Attends CPPCC Session OW1802043194 Shanghai People's Radio Network in Mandarin 1000 GMT 17 Feb 94

[From the "News and Weather" program]

[Text] The Second Session of the 8th Shanghai Municipal Committee of the Chinese People's Political Consultative Conference [CPPCC] opened solemnly this morning at the central hall of the Shanghai exhibition center. Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal CPC Committee; Su Buqing and Dong Yingchu, vice chairmen of the CPPCC National Committee; Shanghai Mayor Huang Ju; as well as leading comrades Chen Zhili, Wang Liping, Chen Liangyu, Zhao Qizheng, Xu Kuangdi, Luo Shiqian, Jin Binghua, Zhang Huixin, and Zhu Daren were seated on the rostrum. Chen Tiedi, standing committee member of the Shanghai Municipal CPC Committee and chairwoman of the Shanghai Municipal CPPCC Committee, presided over the session and delivered an opening speech.

Chen Tiedi said: This session's main tasks are, based on the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, to continue implementation of the

guidelines of the Third Plenary Session of the 14th CPC Central Committee and Second Plenary Session of the Sixth Shanghai Municipal CPC Committee. The session is also being held to further emancipate minds, unify our understanding, sum up last year's work, put forward this year's tasks, bring the CPPCC's advantages into full play, actively implement its functions of political consultation and democratic supervision, and to jointly discuss the policies for our municipality's administration.

Chen Tiedi said: At the National Conference on United Front Work, Comrade Jiang Zemin proposed the party and government make friends extensively, establish good relations with the people, and solicit good policies. We must fully carry forward democracy, voice our opinions frankly, and speak out freely. We should strive to convene the session in a united, democratic, truth-seeking, and encouraging manner. The session also heard a work report entitled: "Bring Into Full Play Advantages, Actively Implement Functions, and Make New Contributions to Shanghai's Reform and Opening Up, and Development," which was delivered by Zhen Lizhi on behalf of the 8th Shanghai Municipal CPPCC Committee. Entrusted by the Shanghai CPPCC municipal committee's motions commission, Shi Zhusan delivered a report on its work since the First Session of the 8th Shanghai Municipal CPPCC Committee.

Shanghai Views 'Two-Greening' Project

OW1602134394 Shanghai WEN HUI BAO in Chinese
6 Feb 94 p 1

[By unattributed WEN HUI BAO commentator: "Start a New Round of 'Two-Greening Projects'"]

[Text] The annual municipal conference on rural work, which has become a system adopted by past Shanghai municipal party committees and municipal governments, was convened on 5 February. The conference decided on four central tasks for this year, one of which is the primary task of effectively strengthening the development of agriculture and of focusing on the "two-greening projects." What is meant by "two-greening projects?" The first is the vegetable basket project of concentrating on growing green vegetables in vegetable gardens; the other is the greening project aimed at improving the ecological environment. As the two projects concern the daily life of Shanghai residents and the municipality's ecological construction, great efforts and strong resolve must be made to carry them out successfully.

General Secretary Jiang Zemin recently pointed out: Little vegetable baskets have a bearing on the people's daily life, social stability, reform, and development. Anything that concerns the people's basic daily life and vital interests is of utmost importance. From this angle we must understand the importance of stabilizing agriculture and undertaking the vegetable basket project; we must, in the spirit of reform, solve the contradictions and problems we encounter in developing agriculture

and carrying out the vegetable basket project. We should apply entirely new ideas to carrying out a new round of high-standard vegetable basket projects for Shanghai in three years, establishing a perfect system of vegetable basket projects, and exploring a new path for undertaking vegetable basket projects for the nineties and for an internationalized metropolis in the next century.

In recent years, because of the needs of urban development, vegetable growing and nonstaple food producing bases in the suburban areas have gradually been shifted to outer areas of the suburban areas. Therefore, the vegetable basket project must be steadily advanced in a planned way. It must be stabilized and upgraded in the course of readjustment. The outstanding problem faced now is the short supply of green vegetables during the slack season. In essence, this is due to the lack of agricultural facilities and the low ability to combat natural disasters. From the circumstances of the past few years, we have learned that to develop green vegetable production we should focus on strengthening the construction of production bases and that in strengthening the construction of production bases we should concentrate on the building of large vegetable growing greenhouses. In Shanghai, the supply of green vegetables during the slack season will be guaranteed if vegetables are grown in greenhouses on 25,000 mu of land in its suburban areas.

We should be aware that the vegetable basket project involves many sectors, channels, and links in society. Therefore, it needs joint efforts and cooperation from various levels and sectors of society. We should adhere to the principle of invigorating agriculture through the application of science and technology. Departments in charge of science and technology should mobilize and organize technicians to work in the frontline of production. In particular, they should organize forces to concentrate on tackling such problems as developing vegetable and nonstaple food production through intensive, standardized, and modern methods. Education departments should assist the suburban areas in speeding up the training of administrative cadres, technical cadres, and specialized personnel for the "two-greening projects" and in improving the quality of rural workers.

An important task in building Shanghai into an internationalized metropolis is to create a good ecological environment. While concentrating on the vegetable basket project, which stresses vegetable production, the masses of cadres and people in the suburban areas should also pay attention to grasping the project of greening the environment. Whether Shanghai can fulfill its greening target for 1994 depends on the efforts of its residents. In the rural areas, it is necessary to develop greening by planting trees around housing areas, villages, and alongside rivers and roads; strengthen the construction of coastal forest belts; and popularize the greening method of planting economic trees in housing gardens. Let us act now and strive to create a beautiful ecological

environment in all the suburban areas where "there will be flowers in spring, shade in summer, fruits in autumn, and greenery in winter."

Shanghai To Complete No. 1 Subway in 1994
OW1802074294 Beijing XINHUA in English 0643 GMT 18 Feb 94

[Text] Shanghai, February 18 (XINHUA)—Construction on Shanghai's No. One subway is expected to be completed and the subway will go into trial operation by the end of this year.

"When it officially opens to service next year, Shanghai will become the third city in the country to have subway traffic," Xu Kerang, deputy general manager of the Shanghai Subway Corporation, said.

Shanghai is China's largest economic center.

Construction of the subway began in January 1990 with a total investment of four billion yuan.

Starting from the Jinjiang Leyuan (garden) in the southern suburbs of Shanghai, the 16.1-kilometer, 13-stop subway will pass through the downtown shopping center to reach the railway station in the northern part of the city.

In addition, Xu said, preparation is under way to build the No. Two subway running from the downtown shopping district at a transfer point with the No. One subway, to the Pudong New Area, a newly-established economic zone that is expected to lead the transformation of Shanghai's industrial and financial sectors.

Shanghai Sets Goals for 1994 Scientific Work
OW1802101694 Beijing XINHUA Domestic Service in Chinese 2125 GMT 10 Feb 94

[By correspondent Shi Kehui (2457 0668 6540) and reporter Zhang Xuequan (1728 1331 0356)]

[Text] Hua Yuda, chairman of the Shanghai Municipal Science and Technology Commission, said recently: To steer science and technology onto the market as soon as possible, and to organize scientists and technicians to better serve economic construction are the main themes of Shanghai's scientific and technological work this year. He said the municipality should make new progress in five fields of scientific and technological work.

We must make great progress in industries using new and high technology, focusing on bioengineering and new pharmaceutical industries. We will strive to establish 200 new enterprises using new and high technology, increasing the output value of industries using such technology to more than 20 billion yuan this year, approximately 6 billion yuan more than last year's planned target.

We must increase the number of private scientific and technological enterprises from more than 6,000 currently

to more than 7,000. We must vigorously lead qualified enterprises to broaden their scale, raise their technological levels, industrialize new and high technology, form conglomerates, and internationalize new and high technology.

We must achieve significant breakthroughs in technological exchanges and establish markets for specialized technologies, such as computer science, bioengineering, and new pharmaceuticals. In 1994, we will strive to achieve more than 2.2 billion yuan in trade volume in technological markets.

We must make rapid progress in raising key basic research projects to world levels. Last year, more than 40 basic research projects reached advanced international levels. This year we will strive to make new progress on the basis of last year's achievements.

We must bring about significant changes in reforming the scientific and technological structure and grant independent foreign trading rights to research institutions which have sound foundations and conditions. We should set up, on a trial basis, a group of research and development institutions jointly funded by Chinese and foreigners, and combine basic research with technological development.

This year, Shanghai will create even better conditions under which scientists and technicians, the middle-aged and young ones in particular, will conduct scientific research. It will provide assistants for some 200 leading figures in various scientific fields; abundant scientific research funds for approximately 3,000 researchers of the basic sciences; and special allowances for around 150 key members in scientific and technological fields, who will receive an average annual allowance of 4,000 to 5,000 yuan per person.

Shanghai Container Freight Yard Begins Operation
OW1802111294 Beijing XINHUA in English 1039 GMT 18 Feb 94

[Text] Shanghai, February 18 (XINHUA)—The first large freight yard created specially for containers opened today in the Shanghai railway station.

The 2.7-ha yard, jointly built by the ministry of railways and the Shanghai Railway Administration, cost over 7 million yuan.

The yard will increase container handling capacity by 60 percent and will quicken the circulation of container trains.

It is equipped with a 36-ton bridge crane, a 15-ton hoisting machine and 5,000 sq.m. Free space capable of accommodating 1,100 standard containers. It mainly serves land-and-water through transport.

North Region

Beijing Secretary Visits Mountainous Areas

SK1702030394 Beijing BEIJING RIBAO in Chinese
21 Jan 94 p 1

[By reporter Yan Liqiang (0917 0500 1730): "Development of Mountainous Areas Should Be and Can Be Accelerated"]

[Excerpts] Chen Xitong, secretary of the municipal party committee, recently visited the mountainous areas in Yanqing and Changping Counties to learn about the situation, salute local cadres and the masses, and discuss with them ways of making mountainous areas prosper. Chen Xitong pointed out that the key to accelerating the development of mountainous areas lies in emancipating the mind, opening wider, relaxing policies, and entering the market.

Chen Xitong as well as Yang Chaoshi, standing committee member of the municipal party committee, and responsible persons of pertinent committees and offices went to Yanqing County to the north of the Great Wall on 14 January. They heard reports by Liu Jinsheng, secretary of the county party committee, and Li Shuwang, head of the county, and gave speeches at the township enterprise work conference of the county. [passage omitted]

Chen Xitong pointed out: There are five major reasons why Yanqing County has not developed fast enough. First, it has not opened itself wide enough. The mountainous areas, in particular, have established few ties with the outside world and closed themselves for long periods of time, thus hindering their development of the economy and various undertakings. They should open their doors wider to other domestic areas and the foreign countries. Second, Yanqing has yet to fully develop its advantages. With 500,000 mu of cultivated land, Yanqing may take advantage of the difference in temperature to produce the grain, forestry products, fruits, and vegetables that meet market demand and march toward a modernized agriculture. It may also tap the potential in the mineral resources in the mountainous areas and its tourist resources. Third, its degree of industrialization is not high, and township enterprise development is sluggish. Two-thirds of its labor forces still feed themselves by farming and many labor forces have yet to free themselves from farming. It should regard industrialization as the fundamental way of development. Only when township enterprises are developed, can the labor forces be diverted from farming and the productivity improved. Fourth, Yanqing has not emancipated the mind fully enough. It should further emancipate the mind and note both its inferiority and superiority. It should uplift spirit, admit but not be reconciled to its backwardness, and work in a down-to-earth manner to change the backward outlook. Fifth, the municipality and pertinent departments have not provided sufficient

assistance. They should render more help to accelerate Yanqing's development. [passage omitted]

On 15 January, Chen Xitong and others went to Changping County. They heard reports by Zhang Geng, secretary of the county party committee, and Li Shixiang, acting head of the county, and visited Heishanzhai and Xiazhuang Villages to learn about the situation. [passage omitted]

Chen Xitong fully affirmed the development of these two villages. He pointed out: Heishanzhai Village has done it well to follow the idea of "developing mountainous area based on the reality of mountainous area; and leaving mountainous area (for planned localities) to develop mountainous area." Both villages have proceeded from their reality and their own advantages in resources to vigorously develop the fruits and mineral products that have bright market prospects. This reflects the development idea of "living off the mountain skillfully when living on the mountain and entering the market to achieve prosperity." Chen Xitong expressed satisfaction with Xiazhuang Village which boosted peasants' production enthusiasm through the leasing system, stressing the need to implement the guidelines of the municipal rural work conference and to relax policies to accelerate the development of mountainous areas, especially the old mountainous areas with economic difficulties. [passage omitted]

Beijing Investigates New Ways To Solve Problems

OW1802110994 Beijing XINHUA Domestic Service in Chinese 2117 GMT 10 Feb 94

[By reporter Huang Wei (7806 1218) and trainee Wu Hongxiao (0702 4767 1420)]

[Text] Beijing, 11 Feb (XINHUA)—The Beijing Municipal Government has found a new way to tackle difficult problems in its work, that is, by conducting in-depth investigations and study to promote work. It is understood that of the 468 investigation and study projects launched by the municipality last year, 352, or 75.2 percent, had been completed by the end of the year. Of these, more than 90 percent have been used in actual work.

Leaders of Beijing Municipality took the lead in undertaking investigations and study. Last year, Chen Xitong, secretary of the Beijing municipal party committee, and Mayor Li Qiyang conducted investigations and study on more than 30 occasions in various districts, counties, universities, colleges, institutions, factories, mines, shops, and remote villages in rural areas. They familiarized themselves with local situations; handled official business on the spot; asked questions directly; and examined, amended, approved, and passed on investigation reports. Motivated by the leaders, all leading cadres in various departments, districts, and counties took the initiative to undertake projects and participated in investigations and study. Most departments used the

investigation and study results as the criterion for evaluating cadres' performance of their duties. Some units even established a cadres' investigations and study responsibility system for inspecting and supervising cadres' work on a regular basis.

A key factor of Beijing's fruitful results in conducting investigation and study lies in the combination of leaders with the rank and file and professionals with the masses. Relevant departments under the municipal committee worked concertedly with counties and districts in carrying out key municipal investigations and study projects. While conducting investigations and study for their long-term development plans, Xicheng, Dongcheng, Congwen, and Haidian Districts invited experts and scholars from scientific research institutes and universities to tackle key problems together. In this way, they complemented each other with their knowledge and improved the quality of investigation and study results.

Beijing Municipality also persistently geared investigations and study to serve policymaking and trouble-shooting purposes. In choosing investigation and study topics, the municipality emphasized the pertinence and timeliness of projects. As a result, most projects were related to improving work to a higher level or solving difficult and hot issues. While applying investigation and study results, the emphasis was put on investigating and solving problems at the same time. The municipal foreign economic and trade department, in view of declining foreign trade and exports in the first quarter last year, promptly organized investigations and put forward and implemented immediately six countermeasures, thus stopping the decline in exports and increasing exports by 12.3 percent last year, the highest in history. The municipal urban construction department, based on citizens' reports on problems existing in transportation and the city appearance, conducted investigations and study and put forward 10 suggestions for comprehensive improvement. Implementation of these suggestions has brought about initial successes. Haidian District conducted investigations and study focused on ways to scale new heights in the new technology and industrial development and experiment zone, and summed up questions in the fields of capital, qualified personnel, and development space, thereby helping the municipal government formulate relevant policies.

Northeast Region

Liaoning's Shenyang Financial Center of Northeast

OW1702104694 Beijing XINHUA in English 1029
GMT 17 Feb 94

[Text] Shenyang, February 17 (XINHUA)—Shenyang, northeast China's biggest industrial city and capital of Liaoning Province, is growing into the region's business and financial center, according to economists.

Latest statistics show that the city withdrew 3.35 billion yuan of currency from circulation last year, ranking second after Guangzhou, leaving behind the three centrally controlled municipalities of Beijing, Shanghai and Tianjin.

Tang Shuangning, vice president of the Shenyang branch of the People's Bank China, said that the city's currency withdrawal from circulation has maintained an annual rate of 40 percent since 1990.

The net currency withdrawal means that during a given period of time, the amount of money put into circulation is smaller than the amount of money withdrawn. The chief means to withdraw money from circulation include retail sales, bank savings and recovery of agricultural debts, offering of services, property taxation and trading taxation at markets. Under the current economic system, it is regarded as a key indicator of the development of commerce, finance, communications and information.

This shows that Shenyang city is well on its way from an industrial city into a city with a developed commerce, finance and services.

Commentary Views Control of Liaoning Cultural Market

SK1702040194 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 15 Feb 94

[Commentary: It Is Necessary To Strengthen Control Over the Cultural Market]

[Text] Over recent years, a flourishing scene has emerged in the province's cultural market. Thus far, the number of cultural markets has developed to 19,581 in the province. These markets have played a positive role in building the socialist spiritual civilization, in meeting the ever-growing demands of the masses on cultural life, in settling down the surplus work force in society, and in increasing financial revenues of localities. However, along with the constant development of cultural market, some problems have been revealed, and some unhealthy articles have been put on market for sale, thus polluting and corrupting social environment and social atmosphere and arousing the broad masses of the people to great indignation.

Major indicators are: First, the cultural market has been flooded with illegal publications. Over the past two years, the Shenyang city cultural market administration department alone has ferreted out 120,000 copies of illegal books and periodicals of more than 300 categories. Second, the situation of publicly showing obscene video tapes has gained ground. Of the 2,000-odd video tape projection units in the province, a considerably great number of them are very poorly equipped. To pander to low tastes of some persons in society, these units have publicly projected the low-class films of Hong Kong and Taiwan and even the obscene video tapes of foreign countries. Third, some ballrooms have become the medium for prostitution and visits to whores. A few

ballrooms have even employed young women to specially entertain the guests. In addition, the illegal running of video game recreation places and the confusion in performing market have also greatly jeopardized the society.

For this reason, governments at all levels should attach importance to building up the cultural market, strengthen the control over the market, and persist in the principles of advocating the healthy ones, permitting the harmless ones, resisting the vulgar ones, banning the obscene ones, and dealing blows to the reactionary ones. In addition, governments at all levels should conduct an all-round inspection and rectification of the cultural market, ban all unhealthy cultural places, and develop and support healthy cultural places. At the same time, governments should accelerate the establishment of the rules and regulations on management of the cultural market, rapidly build the ranks of workers of cultural market management organs, and improve the level of management of cultural market.

Northwest Region

Northwest Provinces Attract More Tourists

OW1802060194 Beijing XINHUA in English 0450
GMT 18 Feb 94

[Text] Lanzhou, February 18 (XINHUA)—The appeal of remote northwest China, with its snow-covered mountains, vast prairies and deserts, colorful folk customs and ancient religious sites, is growing among domestic and overseas tourists.

Northwest China consists of Shaanxi, Gansu and Qinghai Provinces, and the Ningxia Hui and Xinjiang Uygur Autonomous Regions. The area makes up one third of the total Chinese territory.

Over the past few years the three provinces and two autonomous regions have made active efforts to improve basic facilities and tap their tourism resources.

The endeavor has in turn brought about a rapid development of tourism in the area. Tourists of different nationalities are now common sights in the streets of the once desolate cities of the northwest.

Reliable statistics show that the area receives more than one million overseas tourists and several million domestic travellers a year. Tourism has now developed into an important source of revenue for northwest China.

For instance, in Shaanxi, which abounds in historic sites and cultural relics, earnings from tourism account for 10 percent of the local income.

Northwest China has 13,300 historic sites and scenic spots spread all over the region.

Gansu, dubbed a "treasure house of cultural relics", has opened 108 historic sites and scenic spots to overseas

tourists. To cater to the growing trend of "returning to nature" the province built 24 forest parks of different styles in 1993 alone.

Qinghai Province, on the loess plateau, is not lagging behind its neighbors. Besides improving facilities at existing tourism resorts, the province has developed many new scenic spots.

Shaanxi has more than 300 new scenic spots. In addition, the province boasts over 2,020 places which enjoy key protection as historic sites or cultural relics.

Tourism programs with special features include expeditions to the sources of the Chang Jiang and Yellow rivers, hunting in the Qilian mountains, grotto and "roof of the world" tours and border market shopping trips.

Gansu has introduced 5.4 million U.S. dollars of foreign funds to develop local tourism resources. For example, a center for the protection, research and display of the Dunhuang grottoes treasures is funded partly by Japanese interests.

Gansu Foreign-Invested Enterprises Increase

HK1702062894 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 15 Feb 94

[Text] By the end of last year, there were 742 foreign-invested enterprises in Gansu, with a total investment of \$970 million and foreign capital of \$431 million. From January to November in 1993 there were 475 foreign-invested enterprises in the province, more than the total number of foreign-invested enterprises in the previous 14 years. Now foreign-invested enterprises in the province are involved in the processing of agricultural and sideline products, electronic products, petrochemicals, energy, and transportation. Their technological level has also improved. Viewed from their disposition, these foreign-invested enterprises are gradually spreading from Lanzhou to all parts of the province. Now there are foreign-invested enterprises in 14 prefectures and cities throughout the province.

Ningxia To Receive Aid From UN Food Program

OW1602140794 Beijing XINHUA in English 1342
GMT 16 Feb 94

[Text] Beijing, February 16 (XINHUA)—The United Nations World Food Program (WFP) has decided to offer a total of 13.2 million U.S. dollars of free economic aid to an agricultural project in Ningxia Hui Autonomous Region in north-west China.

The WFP representative in China and an official of the Chinese Ministry of Agriculture today signed detailed papers here on the project.

The five-year project involves comprehensive agricultural development in three counties of Guyuan Prefecture of Ningxia to thoroughly improve the local natural environment and the conditions for local people's life and work.

The prefecture is renowned for its poverty and backwardness because of serious soil erosion there.

The project will cover an area of 127,000 hectares and a population of 175,000 people. The total investment will reach 21.9 million U.S. dollars. The WFP will provide 13.2 million U.S. dollars, and the rest will come from the Chinese Government.

This is the 55th free-aid project granted by the WFP to China. So far, the WFP has agreed to supply a total of 700 million U.S. dollars of aid to China's agricultural development projects.

Xinjiang Reports Economic Progress in 1993
OW1502083494 Beijing XINHUA Domestic Service in Chinese 2108 GMT 7 Feb 94

[By reporter Fan Yingli (2868 5391 0448)]

[Text] Urumqi, 8 Feb (XINHUA)—In 1993, Xinjiang has made considerable progress in various economic sectors, including industrial and agricultural production, opening up to the outside world, infrastructural construction projects, and development of natural resources. Xinjiang's 1993 GNP is expected to increase about 10 percent over that of 1992, and revenue income from various localities will rise 33.1 percent over that of 1992. Relatively sizable increases have been registered in total industrial and agricultural output, total foreign trade value, influx of foreign funds, and total investment in fixed assets.

Rural reform has enormously raised the productivity in agricultural and pastoral areas. Xinjiang has registered another bumper harvest in agriculture and animal husbandry for the 16th consecutive year in 1993. Total grain and cotton output are expected to reach 7 million and 700,000 tonnes respectively. The agricultural sector has begun to rapidly gear toward the market economy. Farming endeavors and the industrial sector have undergone relatively extensive restructuring. Productive and efficient agricultural projects yielding high-quality products have begun to appear in Xinjiang.

The continued implementation of Xinjiang's policy on opening up its border areas has enabled Xinjiang to open wider to the outside world. In 1993, Xinjiang's total foreign trade value was \$910 million, increase 30.6 percent over that of 1992. The value of foreign trade transacted by Xinjiang's border areas amounted to \$580 million or 63.6 percent of Xinjiang's total foreign trade value, up 82 percent over that of 1992.

Xinjiang's most outstanding achievement has been the development of its natural resources. Surveying and

exploration for oil and gas in Junggar, Tarim, and Turpan-Hami Basin have reported a series of major breakthroughs. Xinjiang's crude oil output has surpassed 10 million tonnes for the first time in 1993, and its capacity to process crude oil has reached 7.65 million tonnes. The results of exploring for nonferrous metals have been remarkable, and exploration for natural resources has also yielded a series of encouraging accomplishments. Exploration and development of underground resources have reached large-scale and advanced levels.

Xinjiang's comprehensive economic progress has brought more and more benefits to the people of various nationalities. In 1993, Xinjiang's peasants and herdsmen per capita annual income was 780 yuan, increase 5.4 percent over that of 1992. Urban residents' income also rose relatively noticeably.

Xinjiang Sees Overall Economic Development
OW1702092494 Beijing XINHUA in English 0652 GMT 17 Feb 94

[Text] Urumqi, February 17 (XINHUA)—Northwest China's Xinjiang Uygur Autonomous Region seized favorable opportunities and made remarkable progress in major economic construction fields last year.

Local officials told reporters that the gross domestic product of the autonomous region was expected to reach 37.7 billion yuan in 1993, an increase of 10 percent compared with the corresponding figure of 1992, while local revenue grew by 33.1 percent to 3.47 billion yuan.

Big increases were also seen in total agricultural and industrial output value, imports and exports, the amount of promised foreign investment, and investment in fixed assets, according to the report.

Further reform measures in rural areas have greatly emancipated the productive forces of the autonomous region's countryside and pastoral areas, the officials said.

By 1993 Xinjiang had been blessed with bumper harvests in agriculture and animal husbandry for 16 years running. Last year, the output of grain and cotton was expected to reach seven million tons and 700,000 tons, respectively, said the officials, adding that Xinjiang has become China's No. 1 producer of cotton.

At the same time, the continuation of the policies for opening border areas has promoted the opening-up drive of the whole autonomous region.

Last year, Xinjiang scored an increase of 30.6 percent in its imports and exports, and did 910 million U.S. dollars in foreign trade.

The region has approved the establishment of 363 foreign-funded enterprises in the past year, involving an actual use of 55 million U.S. dollars in foreign funds,

while working hard to promote economic and technological co-operation with inland areas, and setting up its own economic and technological development zones.

As an effort to improve conditions for economic construction and to create a better environment for opening, the region has speeded up its building of basic facilities over the past few years.

In 1993 alone, Xinjiang invested 22.6 billion yuan in fixed assets and launched 35 major construction projects, including the double-tracking of 475.5 km of the railway from Lanzhou to Urumqi, building or rebuilding nine major highways, and the construction of the plant with a designed capacity of 140,000 tons of ethylene.

In the meantime, Xinjiang region scored a series of breakthroughs in prospecting for oil and natural gas, nonferrous metals and other natural resources last year.

It produced 10.35 million tons of crude oil in that year and gained a processing capacity of 7.65 million tons of crude oil a year.

Local residents benefited from the overall economic development of the region. For instance, the per capita income for farmers and herdsmen of the region amounted to 780 yuan, up 5.4 percent compared with the level of the previous year.

This year the local government has decided to continue to concentrate on the development of farming, energy, transportation and telecommunications, as well as on the building of infrastructure, industries serving the development of oil and gas, light and processing industries with farm and sideline products as the raw materials, and the establishment of rural and township businesses in the fields of industry and the service trades, according to the officials.

Mainland Airplane Hijacked En Route to Fuzhou
*OW1802040694 Taipei China Broadcasting Corporation
News Network in Mandarin 0320 GMT 18 Feb 94*

[From the "News" program]

[Text] A Boeing-737 airplane from Mainland China's Southwest Airlines was hijacked while en route from Changsha to Fuzhou this morning, and landed at Chiang Kai-shek Airport at 1042 [0242 GMT]. It was the 11th Communist Chinese airliner hijacked to Taiwan since 6 April last year.

According to sources, there were 120 passengers and eight crew members on the Boeing-737 airliner bearing the serial number B-2599. At 1018, aviation control units from our Air Force spotted the airliner deviating from its route. The Tainan Air Base sent two F-5E fighters to guide the airliner to land. The authorities have instructed through proper channels that the matter be handled in accordance with the established principles.

Since the ninth Communist Chinese airliner was hijacked to Taiwan late last year, the government has lowered the level at which it will comment on airplane hijackings.

Taipei Official Comments

*OW1802053194 Taipei China Broadcasting Corporation
News Network in Mandarin 0400 GMT 18 Feb 94*

[Report on interview with Chun Ching-lin, Domestic Information Service Department director under the Government Information Office and a member of the government's task force for dealing with airplane hijackings, by unidentified reporter at Chiang Kai-shek Airport; from the "News" program—recorded]

[Text] [Reporter] Director Chung, how are you?

[Chung] How are you?

[Reporter] Would you please provide us the latest information on the hijacking?

[Chung] To my knowledge, the airplane took off from Changsha at 0928 [0128 GMT], was hijacked over Nanping in Fuchou at 1005, and landed at Chiang Kai-shek Airport in Taoyuan at 1043. It was towed to a standby parking apron. The hijacker (Lin Wen-chiang) deplaned at 1055. This is the general picture of the hijacking.

[Reporter] Director Chung, have the passengers left the airplane?

[Chung] The passengers have not deplaned, but the hijacker has.

[Reporter] Are there any differences between this hijacking and previous ones?

[Chung] There are no differences.

[Reporter] Has Communist China taken any measures after our aviation control units found out about the hijacking?

[Chung] Not yet. Its past practice was to send an official message inquiring about the general situation. However, it has not done so this time.

[Reporter] Have we sent personnel on board to conduct a safety inspection and carry out other measures?

[Chung] Deputy Director (Pan) of the Airport Police Bureau's Criminal Police Squad boarded the plane at 1052 to conduct negotiations and later led the hijacker off the plane.

[Reporter] Director Chung, would you please give us more information on the hijacker's identity and motive?

[Chung] According to our investigation at the airport, the hijacker (Lin Wen-chiang) was born on 8 June 1958. He donned a military uniform to pose as an armed police officer to carry out the hijacking. His family has five members, including himself, his foster mother, wife, and two children aged 7 and 9, respectively. By his own account, he hijacked the airplane because he was given a hard time by the local government when he applied for permission to set up a company in Changsha where he had been doing business. He decided to leave Communist China because he found its authorities corrupt.

[Reporter] Did the hijacker incur resistance or was anybody injured during the hijacking?

[Chung] This is still under investigation. We are waiting for officials from the Taoyuan District Prosecutor's Office to conduct an interrogation.

Hijacker Uses Fruit Knife

*OW1802055594 Taipei China Broadcasting Corporation
News Network in Mandarin 0500 GMT 18 Feb 94*

[From the "News" program]

[Excerpts] [passage omitted] According to a preliminary investigation, the man who hijacked the airplane was 25-years old [as heard] (Lin Wen-chiang). His wife, (Wang Chun-ming); his two children, (Lin Shun-hao) and (Lin Ching-hao); and his 68-old-year foster mother (Li Yu-ying) were also on board. [passage omitted]

It is understood that the hijacker is a Fuchien (Fujian) native and was born in 1968 [as heard]. Today, he donned a uniform to pose as a Communist Chinese armed police officer. To carry out the hijacking, he carried a fruit knife and placed tissue paper in a teacup to pass it off as an explosive device. [passage omitted]

Hijacker 'Mainland Soldier'

*OW1802071994 Taipei CNA in English 0654 GMT
18 Feb 94*

[By Debbie Kuo]

[Text] Taipei, Feb. 18 (CNA)—A mainland soldier, identified as Lin Wenqiang, teamed up with his wife and three other family members to hijack a Southwest China Airlines Boeing 737 to Taiwan Friday morning.

It was the first hijacking of a mainland passenger plane to Taiwan in 1994 and the 11th since last April.

Lin, 26, wearing the uniform of a People's Liberation Army soldier, forced the Boeing 737 to Taiwan with a knife and a glass filled with tissue paper which Lin claimed was an explosive, airport police reported.

The hijacking was reported at around 10:30 a.m. [0130 GMT] after a Southwest China Airlines 737 flying from Chengdu in Sichuan Province veered off course over Fuzhou and approached Taiwan.

The flight, with 122 passengers and eight crew members on board, landed in Taiwan at 10:43 a.m. and was expected to fly back to the mainland via Hong Kong after refueling, the police said.

Lin, his wife, mother and two children were arrested for their involvement in the hijacking and were sent to the office of the Taoyuan prosecutor for questioning.

The Straits Exchange Foundation (SEF) said Friday that Taiwan will continue to abide by the provisions of the Hague Convention, which requires separate treatment for hijacked aircraft and hijackers.

Despite several rounds of negotiations between SEF and its mainland counterpart Association for Relations Across the Taiwan Strait (ARATS), the two sides failed to reach any agreement on ways to avoid the repeated hijackings.

Friday's hijacking underlined air security problems on the Chinese Mainland. A Wednesday report by the International Airline Passengers Association called air travel in the mainland, "an ongoing disaster," and urged visitors to the mainland to avoid air travel.

Last year, ten mainland passenger airplanes were hijacked to Taiwan. The hijackings occurred on a number of different flight paths and took place in the months of April, June, August, September, October, November and December.

Plane Departs Taipei

OW1802075094 Taipei China Broadcasting Corporation News Network in Mandarin 0700 GMT 18 Feb 94

[From the "News" program]

[Text] Another Mainland airplane was hijacked to Taiwan again today after almost two quiet months. A Boeing-737 from Mainland China's Southwest Airlines was hijacked while en route from Chengtu [Chengdu], Szechuan [Sichuan] to Fuchow [Fuzhou] this morning, and landed at Chiang Kai-shek [CKS] Airport at 1042 [0242 GMT].

According to investigations, the man who hijacked the airplane was 25-year-old [age as heard] Lin Wenqiang. His wife, (Huang Chun-mien); his two children, (Li Hsin-yao) and (Li Hsin-kao); and his 68-year-old foster mother (Li Yu-ying) were also on board. The family of five were led by the aviation police off the plane for further investigations.

The airplane has departed CKS Airport at 1444 [0644 GMT]. Except for Lin Wenqiang, his family and other passengers on board were expatriated in the airplane.

It is understood that hijacker Lin Wenqiang, 25, is a Fukien [Fujian] native. Today, he donned a uniform to pose as a Communist Chinese armed police officer. To carry out the hijacking, he carried a fruit knife and placed tissue paper in a teacup to pass it off as an explosive device. According to the hijacker's confessions, he hijacked the airplane to Taiwan in a rage over the Communist Chinese local government's obstruction of his application to set up a company.

Hijacker's Wife Resists Returning

HK1802083894 Hong Kong AFP in English 0803 GMT 18 Feb 93

[By Lawrence Chung]

[Text] Taipei, Feb 18 (AFP)—Armed with a fruit knife and a fake bomb and accompanied by his foster mother, wife and two children, a Chinese man hijacked a mainland airliner to Taiwan Friday—the 11th such incident in 10 months.

Taiwan authorities sent Lin Wenqiang's family of four back to China aboard the Southwest Airlines Boeing 737 later Friday.

The hijacking, the first this year, is expected to prompt China and Taiwan to reopen talks on the repatriation of hijackers, which collapsed over sovereignty and jurisdiction issues, officials here said.

Lin, 26 [age as received], a businessman from the southern Chinese province of Fujian, told Taiwan police he was persecuted by the communists in China and thus sought political asylum in Taiwan.

Dressed as a Chinese police officer, Lin surrendered to police immediately after the airplane touched down at Taiwan's international airport, police said.

The plane had been scheduled to fly from Chengdu in Sichuan province to the southern coastal city of Fuzhou.

The plane carrying 130 people, including the hijacker, his family and eight crew, began the journey from Changsha, Hunan province.

"They (the communists) persecuted me ... and repeatedly turned down my application to open a business," police quoted Lin as saying in the initial investigation.

Lin and his family—his foster mother Li Yuying, 68, his wife Wang Chunlian, 23, his two sons Li Zhanghao, 9, and Li Zhangyao, 11,—were taken to the airport police department for questioning, police said.

"Investigation showed that the family were previously not aware of what the suspect would do, and so they were sent back along with other passengers," Interior Minister Wu Poh-hsiung told reporters here.

But the wife resisted being put back on the plane and had to be forced, police said.

The jetliner and the 129 people, including family members and crew, returned to China four hours after the plane landed here at 10:43 a.m. (0243 GMT).

Lin was taken to the prosecutor's office for further questioning, police said.

"As the hijacking took place in Taiwan, we have the absolute right to handle the case here and try the suspect before deciding whether to send him back," Wu said.

Hijacking suspects' trials have been the major source of disagreement in the repatriation talks by the two sides of the Taiwan Strait.

The spate of hijackings, involving 15 mainlanders, including Lin, has become a new source of frictions between Taiwan and China.

The two have remained rivals since the 1949 Chinese civil war after which the defeated Nationalists fled to Taiwan. Both governments claim sovereignty over all of China.

China and Taiwan, represented by their semi-official agencies, began negotiations in Beijing in August 1993.

The second round of talks was held in China's coastal city of Xiamen last November, and the third round was in Taipei in December.

"They are reluctant to recognize our legal jurisdiction over the handling of the hijackers here, including trying them in Taiwan," Chiao Jen-ho, vice chairman of the semi-official Straits Exchange Foundation (SEF), charged.

SEF handles the negotiations on Taiwan's behalf.

"I believe the latest incident would prompt the mainland to realize the importance of the issue and to hold further talks with us," Chiao said.

Taiwan's cabinet-level Mainland Affairs Council (MAC) Friday expressed regret over the incident and called on China to quickly reopen talks with Taipei to resolve the issue.

Taiwan has so far sentenced six of the 15 hijackers to jail terms ranging from six years to ten years.

Legislators Urge Stronger Punishments for Hijackers

Urge Getting Tough

OW1802133394 Taipei CNA in English 1240 GMT
18 Feb 94

[By Benjamin Yeh]

[Text] Taipei, Feb. 18 (CNA)—Legislators from both the ruling party and opposition on Friday demanded that the government review its policy regarding Mainland Chinese hijackers who commandeer passengers planes to Taiwan, saying it is not harsh enough to curb the cross-strait air piracy.

Both Kuomintang Legislator Hung Chao-nan and Democratic Progressive Party Legislator Shen Fu-hsiung insisted that the existing measures be thoroughly reviewed.

Mainland hijackers have been sentenced to up to 15 years in prison here, but under current policy, will not be repatriated to the mainland after they serve their terms.

The two lawmakers made the remarks following reports that a Boeing 737 aircraft with 122 passengers and eight crew members on board was diverted to Taiwan Friday morning as it was en route from Chengdu to Fuzhou, a city in the southern coastal province of China.

It was the 11th mainland passenger aircraft commandeered to Taiwan since last April.

Hung also called on the military to step up air security. Some government officials here believe that Beijing may be using the hijackings to test Taiwan's air defense capability, though no sophisticated electronic devices designed to collect military information have been found on any hijacked aircraft.

Shen, however, remained concerned about the possibility of such a scheme. He said he could not figure out why Mainland China's air security personnel had yielded to hijackers equipped with "the most ludicrous hijacking weapons in the world."

In Friday's case, Lin Wenqiang, 36, hijacked a Southwest China Airlines Boeing 737 to the island with a knife and a glass filled with tissue paper, which Lin claimed was an explosive.

Shen and Hung also asked the government to press mainland authorities to strengthen flight security checks and step up their anti-air piracy publicity campaign.

Recommend 'Heavy Punishment'

*HK1802134594 Hong Kong AFP in English 1243 GMT
18 Feb 93*

[Text] Taipei, Feb 18 (AFP)—Taiwan prosecutors said Friday they would recommend heavy punishment for a Chinese man who allegedly diverted a China Southwest Airlines Boeing 737 here.

"Hijacking is a serious crime under international law, and we will ask that the court hand down severe punishment against the alleged hijacker," Lin Chieh-teh, chief of Taoyuan Prosecutor's Office, told reporters here. He said Lin Wenqiang had been arrested and detained by the office pending legal action here. Under local law, the maximum penalty for hijacking is life imprisonment.

Huang Hui-ho, deputy director of the Civil Aeronautics Administration, asked China to further tighten its airport security to prevent future cases from occurring. "They must search the suspicious passengers, regardless whether they are police or not, before allowing them to board the plane," he said, referring to Lin's disguising himself as a police officer.

Lin, 36 (eds: correct), impersonated a military police officer, and ordered the crew of the Chinese airliner with 130 people on board, including eight crew, to change course when the plane was on a domestic flight from Changsha to the coastal city of Fuzhou.

Lin, a business manager at a state-run company in Changsha, Hunan province, brought his foster mother, wife, and two sons aged 9 and 11 with him.

Lin was arrested after he surrendered to police when the plane touched down at Taiwan's international airport at 10:43 a.m. (0243 GMT). All passengers, including Lin's family and the crew, were returned to Fuzhou via Hong Kong four hours later.

"I used a fake military police ID which I obtained through a friend to board the plane," Lin told reporters before being taken to the prosecutor's office, explaining why the airport personnel did not search him.

Lin used a knife and a fake bomb to make the pilot fly to Taiwan, Huang said. The bomb turned out to be a lid cup stuffed with toilet paper. The hijacker showed a crew member a piece of paper that said: "I want to hijack the plane to Taiwan. If you come close to me, I will blast off the plane," Huang said.

Lin said he had planned the hijacking since October last year. "I had been prosecuted [as received] by the communists ... and wanted to come here," he said, adding he was aware that hijacking was a crime in Taiwan.

The incident was the 11th in ten months, and the first this year. A total of 15 suspects were involved in the hijacking of Chinese airliners to Taiwan last year.

The issue has become a new source of friction between Taiwan and China.

The two sides have remained rivals since the 1949 Chinese civil war after which the defeated Nationalists fled to Taiwan. Both governments claim sovereignty over all of China.

Represented by their semi-official agencies, the two sides began negotiations in Beijing in August 1993. Although the two sides held three rounds of talks, no conclusion on the repatriation of the hijackers was reached.

China has strongly demanded the return of hijackers, but Taiwan insists it has the jurisdiction to handle the cases and try the hijackers here.

Taiwan has so far sentenced six of the 15 hijackers to jail terms ranging from six to ten years.

Premier Lien on Cross-Strait Ties, Other Issues
*OW1302094994 Taipei CHUNG KUO SHIH PAO in
Chinese 5 Feb 94 p 3*

[News conference by Premier Lien Chan with foreign and domestic correspondents at the Government Information Office in Taipei on 4 February]

[Text] Yesterday, Executive Yuan President Lien Chan held a year-end news conference at which he answered 17 questions raised by domestic and foreign correspondents; the news conference lasted 65 minutes.

In response to relevant questions, Premier Lien noted: To develop cross-strait relations, the two sides should assume a pragmatic and rational attitude and seek common ground despite the fact that the country is divided and administered separately; otherwise, it will be hard for the hope for favorable interaction to materialize. On the Chiao-Tang talks currently underway on the mainland, Premier Lien emphasized: Instead of merely stating their positions, the two sides should adopt a problem-solving approach during the talks. At present, we must patiently confront differences that may arise, maintain our basic positions, and continue our efforts.

Lien Chan, who has been in office for nearly a year, also fielded questions raised by correspondents on the mainland, internal affairs, foreign affairs, financial affairs, and constitutional reforms. The following is what happened at the news conference:

Accompanied by Li Hou-kao, secretary general of the Executive Yuan, and Hu Chih-chiang, director general of the Government Information Office, Lien Chan entered the site of the news conference at 0830 GMT. He first extended New Year's greetings to the correspondents present and thanked the people in all circles for their efforts to encourage and supervise his cabinet over the past year. Thereafter, he began the hour-long news conference.

[Correspondent] Building Taiwan into an Asia-Pacific business hub is currently the government's major plan. Planning is quite complete in this regard. Mr. Premier, would you please explain all the specifics? Moreover,

Taiwan cannot possibly exclude Communist China if it becomes a free trade area as a result of this plan. The question of direct shipping and air services between designated areas on the two sides of the Taiwan Strait will also be raised. Mr. Premier, what are your views on this matter?

[Lien Chan] The Asia-Pacific region achieved an average economic growth rate of 4.5 percent in recent years, which was the fastest economic growth in the world over the past few years. Its total output of goods and services represented about half the world's total output. The region is bound to become the focus of the world economy in the future.

The Republic of China [ROC] on Taiwan has the following advantages to become an Asia-Pacific business hub: 1) an excellent geographical environment; 2) excellent economic conditions; 3) ample and high-quality manpower; and 4) abundant capital markets. The government hopes to complete planning as soon as possible. It is expected that planning will be completed by the middle of this year.

Why should we so actively promote the ROC as a business hub? This is because, aside from the two traditional Asian business hubs of Hong Kong and Singapore, Japan's Osaka, Shanghai's Putung [Pudong] in Mainland China, Australia's Sydney, and New Zealand all are making similar preparations and attempts. Even Subic in the Philippines hopes for a piece of the action. We must work against time; otherwise, we will lose our development opportunities in three to five years. To be sure, we must also strengthen local construction. For example, our public facilities are still inadequate. That is why we proposed the 12 construction projects to beef up our public facilities. Also, we should make great efforts to supplement our financial and legal systems with legislative work.

We Cannot Consider Things on Purely Economic Grounds; the Time Is Not Ripe for Direct Cross-Strait Shipping and Air Services

With regard to direct air and shipping services between designated areas on the two sides of the Taiwan Strait, the government has always placed importance on the question of the three cross-strait exchanges [mail, shipping and air services, and trade], listing them as long- and medium-range goals in the National Unification Program. We hope to attain these goals to facilitate economic and social development on both sides of the Taiwan Strait. Politically speaking, however, we must reach a common understanding with Communist China on treating us as an equal political entity, renouncing the use of armed force against us, and allowing us room for developing international relations before we can further discuss the question of three exchanges. Otherwise, the time is not ripe for solving complex problems within a purely economic context by initiating direct air and shipping services between designated areas on the two sides of the Taiwan Strait.

In reality, Communist China, in its white paper on Taiwan released last year, maintained that we should obtain their consent prior to signing any agreements on shipping and air rights with other countries. If cross-strait shipping and air services can be considered on purely economic grounds, why did Communist China's white paper contain such a statement? Personally, I do not think the time is ripe for direct shipping and air services between the two sides of the Taiwan Strait.

[Correspondent] A final decision on the plan for readjusting the pay of military, government, and educational personnel in 1995 is imminent. People are very concerned. Premier, would you please give us a clear explanation in this regard?

[Lien] This matter is to be settled at a final meeting scheduled for Saturday [5 February]. However, I would like to take advantage of this rare opportunity to offer some specific explanations.

Pay readjustment for military, government, and educational personnel is a policy matter about which the government is very concerned. We have to take into consideration the government's financial capacity, inflation indexes, the competitiveness of the private-sector, and the material well-being and morale of government employees. The consumer price index, which rose 2.9 percent last year, is expected to rise 3.4 percent this year. Therefore, a raise of about 3 percent should be appropriate. The Personnel Administrative Bureau has submitted two plans. Personally, I am inclined to adopt the 3-percent raise in drafting the budget.

[Correspondent] What are your expectations of the ongoing talks in Peiking [Beijing] on routine affairs between the Association for Relations Across the Taiwan Straits [ARATS] and the Straits Exchange Foundation [SEF]? If the two sides are unable to reach agreement on some routine issues after extended discussions, will the government consider modifying its mainland policy? Will this lead even to a reduction in cross-strait exchanges?

[Lien] SEF-ARATS discussions on routine affairs constitute a link of our overall policy toward the mainland. Today, development of cross-strait relations depends on the two sides taking a pragmatic and reasonable approach toward the reality of a divided nation and divided rules and seeking a common ground from this reality. Without such an understanding, a relation of constructive mutual engagement [liang xing hu dong 5328 1840 0062 0520] between the two sides will remain unattainable.

The current SEF mission left for the mainland in the hope of following up on the five understandings reached at the Ku-Wang talks and reaching an agreement. We will certainly welcome any agreement on fishing disputes or repatriation of hijackers and people who illegally enter Taiwan that is reached at the ongoing talks in Peiping. Certainly, some of these issues require us to tackle them with patience.

[Correspondent] Presidential adviser Li Kuo-ting recently questioned the feasibility of the plan for building an east-west superhighway. What do you think of such criticism?

[Lien] We should indeed care about government finances. Not only those in the government but people at large should show concern. When I assumed office last year, the government debt stood at NT\$1,060 billion [new Taiwan dollars] and the balance in the annual budget was a mere NT\$100 million; the situation was extremely difficult. We took a variety of emergency measures, and, as a result, the budget deficit has dropped to NT\$84.9 billion and the balance in the annual budget has risen to NT\$23.3 billion. However, because the universal health insurance services that will come into effect this year, the budget for public welfare spending for 1994 will double that of last year. This, plus a pay raise of military, government, and educational personnel, increased budgetary spending on education and science and weaponry purchases; there probably will be a NT\$400 billion shortfall in this year's budget.

The government must also take the whole situation in consideration. On one hand, it must reduce spending, halt inappropriate public investment, and reduce waste; on the other hand, it must seriously consider all projects—such as those for developing towns and cities and for regional balance—that have a direct bearing on the people. Therefore, the east-west superhighway was given emphasis in the Six-Year National Development Plan. Often, only 60 percent of six-year plans are completed. Therefore, proper emphasis on priority projects will have a positive impact on national development and economic growth.

In response to calls from various quarters, the provincial government undertook, seven or eight years ago, a study and adopted the highway project. A feasibility study of the east-west superhighway project was conducted in 1990 and a project assessment was made in 1993. There is a thick file of materials about the two studies. Everyone is welcome to look through it.

More assessment will be needed in regard to the project's environmental impact and financing. When all the conditions—environment, financing, technical capability, and private-sector participation—are in place, we should push forward with this project.

[Correspondent] The idea of "two China's as a phase" forwarded by Economics Minister Chiang Ping-kun at the Asia-Pacific Economic Cooperation [APEC] meeting has won widespread approval. I would like to know how would you, the premier, advance this policy in the future?

[Lien] The one-China policy is the nation's fundamental policy, but China is currently divided. The ROC is a sovereign nation founded in 1912, but currently the ROC holds the power of rule only over Taiwan, Penghu, Matsu, and Chinmen. This is the general environment, the fundamental reality. We believe that, realistically speaking, discussion of the sovereignty issue should be

put aside at the present stage when considering the issues relating to foreign affairs and mainland policy. What should be done is to move forward step by step in the light of reality.

The APEC meeting was an economic occasion, not a government occasion. Therefore, no politically sensitive question should be broached there. Unfortunately, the Chinese Communists had the impudence to call our Taiwan a PRC province. Minister Chiang's statement was a tactical explanation to tell people that the reality is not what Chinese Communists claim. That was a tactical explanation made at a given circumstances and occasion.

[Correspondent] In the past, we said that politics should be separated from economics in our policy toward the mainland. Will this policy be continued? If a policy of not separating politics and economics is adopted, what chips does the government have to make the businessmen abide by such a policy? Thank you.

[Lien] Separating economics from politics—I do not know whose idea this is. In regard to the overall situation vis-a-vis the mainland, I believe we should continue to take the National Reunification Guidelines as the supreme guidance and policy. It is a fact that our businessmen are investing in all sectors of the mainland's economy and we are trading indirectly. The mainland has seen rapid growth in the past few years, registering economic growth rates from 9 to as high as 14 percent. However, can such high rates be sustained for long? This is a question that merits consideration. Shortages of public facilities and strong inflationary pressures are, in particular, factors that we should consider from an economic angle. In addition to economic risks, there is no denying the fact that all economic activities in the mainland carry some political risks, even high political risks. Nowadays, with regard to economic activities in the mainland, the government is more inclined to give guidance than issue prohibitions. However, we do not encourage such activities. Our approach is an incremental and indirect one. We do not want to place all our economic strength in one basket; the preservation and development of Taiwan's economic strength should be the guiding principle governing all our economic activities. I made a trip to Southeast Asia recently. Economics departments have also come up with the so-called southern policy. Our investment in Southeast Asia stands at about \$15 billion today; imports from that region accounts for about 11 percent while exports account for 32 percent of the ROC's total exports. It is a very important region.

The Southern Policy Is Based on Pragmatism; More Efforts Will Be Needed To Break Out of Our Diplomatic Predicament

[Correspondent] What is your view of the practice of "vacation diplomacy"? Are there plans for overseas trips for other cabinet members?

[Lien] The primary consideration behind my visit to Southeast Asia and the subsequent announcement of

"southern policy" is the fact that the ROC has an investment of \$15 billion in that region, which also accounts for 32 percent of the ROC's exports. With the exception of Thailand, we have signed agreements with all countries in that region on investment protection and protection against double taxation. We have close ties with them. We hope to participate more in Southeast Asian organizations meetings and activities. All in all, we must not look at only the regional and functional aspects in considering issues related to the "southern policy."

I made a trip to Southeast Asia not long ago primarily because it was New Year's and I had some days off. I went to Malaysia and Singapore and met their government leaders. The trip to Honduras was an official diplomatic mission ordered by the president. The government is facing great difficulties in diplomacy. I always feel that we should make our voice heard by our friends and the world at large. We also hope to make our strength, good will, contributions, and ideas heard and seen by all the people.

As long as resources permit, I am all for the idea that relevant government personnel should turn up more frequently in different locations and at different international occasions to publicize our nation. That is what you reporters call "show up faces." As a matter of fact, we have to show up to let everybody know that we did not vanish; rather we are growing in strength with each passing day. I think it is very important.

[Correspondent] Where do you think our mainland policy will go in a post-Teng Hsiao-ping [Deng Xiaoping] era? Hsu Chia-tun [Xu Jiatun], former director of the Hong Kong branch of the XINHUA NEWS AGENCY, said that under Li Teng-hui's strong leadership, the chance of peaceful reunification of China seems to be dwindling. What is your view?

[Lien] I have said many times that people across the strait are, fundamentally speaking, compatriots and siblings related by blood and flesh. There are no deep seated hatred or absolute irreconcilability between people of the two sides. What we are trying to do today is to create for the entire Chinese nation a free, stable, and prosperous future. Such a basic standpoint is accepted by all.

We can look forward to the nation's future, including unification. As a matter of fact, a politician's life is short, but a nation's life is forever.

I believe cross-strait relations should not be based on the ideas of a life-or-death struggle, or on the big consuming the small, or suffocating the other side at every turn. This would not be unification but annexation. A unification should be the merging of two to work together for the development of the nation.

The present Chinese Communist leader should, while he still commands tremendous authority, make a historic decision with a historical vision and lofty sentiments. That would be positive to the development of the nation.

[Correspondent] You have been premier for almost a year. Can you tell us the policies you are most and least satisfied with?

[Lien] In the past year, myself and the heads of the various ministries have worked in unity and devoted ourselves to public service. We have worked very hard to implement administrative renovation and economic rejuvenation. All these policies involve fundamental and structural issues. We do our best to reach a consensus. I have had the office for just 11 months. These policies were announced only last June or July. They have been implemented for a short time. However, all the signs indicate that all these policies are moving efficiently toward their goals and targets.

We have also done a great deal of work with regard to public security, environmental protection, agriculture, communications, and so forth. Administrative departments always want to accelerate the pace of implementation. We hope that legislative organs will support us by enacting relevant laws. When the laws are in place, administrative departments will be able to take bold and resolute actions to implement them.

The Cabinet Will Be Partly Reshuffled After the Lunar New Year; the Question of Candidates Cannot Be Determined Now

[Correspondent] The "China-Tang talks" somehow show that the higher the level of talks, the greater the efficiency. Communist China apparently wants to upgrade the talks. What are your views on this development and what are our future policy directions?

[Lien] In my opinion, the five joint agreements reached during last year's "Ku-Wang talks" should be implemented quickly. Regrettably, no progress was made or implementation after that, whether during the talks in Amoy, Peiking, or Taipei.

I am very doubtful that this problem can be solved by upgrading the talks. Basically, I think crucial problems remain between the two sides. We must patiently solve fishing disputes and the problem of repatriating airplane hijackers and illegal immigrants across the Taiwan Strait.

I have a demand, though: We should proceed while maintaining the nation's basic positions. As for matters other than those affecting our basic positions, we can make readjustments or adopt a flexible approach.

[Correspondent] Recently, there have been many reports that the cabinet may be partially reshuffled. Can you explain or clarify the matter?

[Lien] As I said before, everybody has been serving the country faithfully, contributing wholeheartedly, and remaining on good terms in the 11 months since I began serving in the cabinet. However, a few colleagues will not be able to continue their service for personal reasons or for reasons of family. I think we will make proper readjustments after the Lunar New Year.

As for candidates, since the Law on Provincial and County Autonomy, the Law on Autonomy for Cities Directly Under the Central Government, and the Law on Election and Recall have been submitted to the Legislative Yuan for deliberation after Executive Yuan approval, we will hold gubernatorial and mayoral elections toward year's end if the legislative process is completed by the end of June. Perhaps there is a lot of guesswork out there. I do not think we can make specific decisions before the legislative process is completed.

[Correspondent] Judging by the property declarations filed by public servants, we understand that you have 17 types of stocks. The Executive Yuan has decided to collect a capital gains tax. Since some other government leaders also possess stocks, will this policy of collecting a capital gain tax affect the stock market or even smack of serving one's own interests? Will this lead to a situation where the "referee is also the ball player"?

[Lien] With regard to the stock transaction and capital gains taxes, the Legislative Yuan passed a resolution in 1992 in which it urged the government to make a decision at the earliest possible date. After hearing a briefing on the Finance Ministry's bill of amendments and the opinions of other ministries and commissions, the Executive Yuan concluded that the collection of such taxes would mark progress in terms of tax revenue, fairness in taxation, and simplified auditing and taxation procedures. It held discussions and adopted the bill accordingly.

A rapidly developing country will inevitably incur several problems in implementing financial, taxation, banking, land, and housing policies; and timely reviews of those policies are in order. Nevertheless, the government's policies are primarily based on national development and the interests of all people.

[Correspondent] The Presidential Office and the Executive Yuan appeared to be on very harmonious terms during the past year. What do you think were the reasons? Was it because of institutional or individual factors? Since direct presidential elections are the main purpose of the third round of constitutional reforms, how do you think the duties of the president and the premier should be divided after the introduction of popular elections of the president?

[Lien] The duties of the president and the premier are specified in very explicit terms in our Constitution. Because the president is the head of state, his guidance and leadership should be respected, especially on major national security policies such as foreign affairs, national defense, and mainland policies. During the past year, the Executive Yuan implemented many policies after they were discussed and assembled at high levels of the government.

Constitutional reforms will temporarily come to an end. The National Assembly will meet in April to decide on outstanding constitutional matters. In my opinion, what happens to the presidential duties will depend on how

such duties are designed. Direct presidential elections will lead to presidential systems in some countries, but the presidents of some countries are still not responsible for actual administrative duties despite the introduction of direct presidential elections. Our constitutional system is based on the division of power among five branches. The best way is to introduce necessary amendments to this system. I believe that experiences and precedents in constitutional rule over the past 40 years will serve as a guide in the future.

[Correspondent] Lawmakers from the Kuomintang recently urged the government to allocate lawmakers' shares of budget funds for infrastructure construction. What are your views on this proposal?

[Lien] I used to serve in local government. My basic position is that the government does allocate some part of its annual budget for local construction projects. For example, the provincial government has different budget plans, such as those for local construction projects and for coordinating local needs. These are all for the benefit of local construction. People's representatives may make suggestions. Relevant ministries and commissions will give full consideration to these suggestions and decide whether they fit into the overall plan. This is our basic approach. It was how things stood during the three years I was with the provincial government. Suggestions made by people's representatives should be considered in order of importance and urgency. The right to decide whether or not to adopt those suggestions rests with the executive branch because it will be responsible for implementing budget plans and spending in the future.

We Have Conducted an Overview of Malpractices in Arms Purchases; We Will Focus on Tightening Budgetary Control

[Correspondent] Yin Ching-feng's murder has revealed many problems regarding arms purchases. Do government departments have overall plans for reforming the practice of buying weapons?

[Lien] The problems with our arms purchases have caused widespread concern. Relevant departments have made timely reports in this regard. The Defense Ministry and other relevant units have begun to conduct an overview of problems stemming from purchasing malpractices. An arms purchase improvement package will be unveiled in the near future. We will focus on tightening control over budget utilization and on eliminating thorny problems in the process. However, we can only say this much because the Yin case has entered the judicial and investigative stage. The government will draw lessons and gain experience from this incident, and it will study the best methods for bringing about improvements.

[Correspondent] Along with presidential election methods, the premier's countersigning right is also one of the main subjects of the third round of constitutional reforms. You once said that the National Assembly's decisions on constitutional reforms should be respected.

Aside from deferring to the National Assembly's opinions, do you think the premier's countersigning right should be readjusted? And how should we readjust it?

[Lien] I think the premier's countersigning right could and should be readjusted because it is indeed unreasonable in some respects. For example, the premier still has to countersign decrees that affect him personally, as well as personnel matters involving administrative officers over which the National Assembly has already exercised its right of consent. It is all the more unreasonable when formality requires the premier to countersign the appointments of civil servants at the grass-roots level, although he does not know whose appointment he is countersigning because there are thousands of them. While the premier should have the right of countersigning things, this right should be clearly defined, either by outlining matters requiring his countersignature or by eliminating those that do not require his countersignature. The right of countersigning things should not extend without limits, as it does now. We should be able to readjust it.

[Correspondent] In the 1993 administrative guidelines you submitted to the Legislative Yuan, you described this year as crucial for bridging the past and the future. You expressed your hopes that Taiwan would take an active part in international activities or bid for hosting international events. Do you have concrete plans for realizing these hopes? Also, there has been a steady stream of criticisms against our country for engaging in "checkbook

diplomacy" at a time when it is actively expanding its niche in the international community. What are your views on these criticisms?

[Lien] This matter involves several issues. Only a few of the international conferences we plan to host this year are of an official nature due to our country's status. However, we can host many nongovernmental international events. For example, the International Rotary Club's plan to hold a large-scale event in Taipei, to be attended by 30,000 people, will afford us excellent opportunities because participants will be given to understand the ROC's progress. Other international events include our bid for hosting the East Asian Games and the Asian Games. However, these events require the host cities to undertake some obligations in advance, and the central government is prepared to cooperate fully. For this reason, most of our national construction plans concern the construction of sports facilities. With regard to so-called "checkbook diplomacy," Minister Chien has made our stand very clear over the past few days: Our approach toward developing bilateral relations is based on the spirit of mutual assistance, mutual benefit, and reciprocity. Criticism by people outside the government that the latter is engaging in "checkbook diplomacy" is very unfair.

In reality, economic, agricultural, and technical cooperation is our bargaining chip for expanding our diplomatic activities. This is something all countries can do openly. Why do people not criticize what the Chinese Communists do? Our situation is already difficult enough. I feel great sympathy for Foreign Minister Chien and his subordinates. They are really working hard, and people should encourage them.

Hong Kong

PRC Official Blames UK for Delay on Airport Talks
OW1702122494 Beijing XINHUA Domestic Service in
Chinese 0819 GMT 17 Feb 94

[Text] Hong Kong, 17 Feb (XINHUA)—Guo Fengmin, chief Chinese representative to the Sino-British Joint Liaison Group, pointed out recently that the Chinese side had systematically forwarded its views on the new airport's overall financial arrangements as early as last August, whereas the British side only now has presented its new financial arrangements, and thus the responsibility for delaying the solution of the new airport issue does not lie with the Chinese side.

In responding to reporters' questions after attending a Spring Festival gathering hosted yesterday by the New Territory District Board, Guo Fengmin said: The Chinese side has preliminarily studied the fourth new airport financial plan forwarded by the British side. Because the new airport issue involves so many aspects, the Chinese side is now conducting in-depth studies of certain questions, some of which require a further exchange of views with its British counterpart. China and Britain will first exchange views at the experts level to pave the way for the Airport Committee meeting.

Guo Fengmin pointed out: Sometime back, people from the Hong Kong British side said that the Chinese side virtually did not forward any comprehensive views on the new airport issue, and recently there were also people who said that the plan submitted by the British side has fully met the demands of the Chinese side. Is this not self-contradictory? Because the Chinese side has not forwarded any comprehensive views, from where did the so-called plan that has "fully met the demands of the Chinese side" come? He said: During the Airport Committee meeting last August, the Chinese side had systematically forwarded its opinions, and the British side only presented its plan after a lapse of nearly six months—from August up to the present—so it is rather obvious who is delaying.

Guo Fengmin expressed his hope that substantive progress will be made by the meeting of the Defense and Security Experts Subgroup of the Sino-British Joint Liaison Group next week. He also criticized the British side for dragging things out too long over this matter. He said: Some people are now deliberately creating the impression that the Chinese side is delaying matters, but in fact, that is not true. It is also the British side which has delayed for several years the discussion of the question of land used for defense and military purposes.

Rejects Blame for Delay

OW1702141494 Beijing XINHUA in English 1358
GMT 17 Feb 94

[Text] Hong Kong, February 17 (XINHUA)—Senior Chinese representative of the Sino-British Joint Liaison Group (JLG) Guo Fengmin has rejected the groundless

charge from the British side on the responsibility for the delay of the new airport to be built in Hong Kong.

The Chinese side put forward a whole set of opinions on the overall financing plan on the airport construction at Chek Lap Kok as early as last August. But the British side failed to respond for a half-year period, Guo said after attending a local Spring Festival gathering.

Therefore, Guo stated, China should not be responsible for the delay of the construction of the new Hong Kong airport.

He regarded two British blames as "contradictive". One saying China doesn't raise any proposal on the airport financing plan, while other saying the new proposal recently advanced by the British side satisfied all the demands raised by the Chinese side.

If the Chinese side never advanced any opinions, how could it be possible to say the British side has satisfied all the Chinese demands? Guo asked.

He said the Chinese side had studied some problems with the British plan, the fourth one proposed by Britain.

However, he added, "the airport issue covers a wide range of subjects, we are studying further into some problems and will exchange opinions with the British side."

The Sino-British negotiation on the airport issue will have to be opened. But it depends necessary preparations before hand, he said. [sentence as received]

Official Rejects 'Third-Country' Role in Hong Kong Issue

OW1702142494 Beijing XINHUA in English 1405
GMT 17 Feb 94

[Text] Hong Kong, February 17 (XINHUA)—It is useless for Governor Chris Patten to play international cards and no official of a third country has the right to make irresponsible remarks about the issue of Hong Kong.

Zhang Junsheng, deputy director of XINHUA news agency Hong Kong branch, made these remarks in response to reporters' questions about Patten's on-going Australia visit at a spring cocktail reception here this evening.

"This is not the first time for Patten to play international cards. He did so as early as in 1992," Zhang said.

He reiterated that the Hong Kong issue should be studied and discussed only between China and Britain and no third country has the right to interfere in Hong Kong's affairs.

"We maintain that China and Britain should cooperate in handling affairs such as elections during the transitional period, but the British side refused to cooperate and the Sino-British negotiations have subsequently broken down," Zhang said.

Without agreements between China and Britain, the three-tier councils will all be terminated on June 30, 1997, and be reorganized, the deputy director added.

Beijing Not To Accept British Unilateral Reform Bill

OW1702135694 Beijing XINHUA in English 1332 GMT 17 Feb 94

[Text] Hong Kong, February 17 (XINHUA)—A senior Chinese official in charge of Hong Kong Affairs has reiterated China's position that the Chinese side would not accept any unilateral political reform scheme taken by the British-Hong Kong authorities on the arrangement for the 1994-95 elections to be held in Hong Kong.

China would like to have the 1994-95 electoral arrangements in Hong Kong settled in the form of bilateral negotiation between the Chinese and British Governments as the term of office for the would-be members of the Legislative Council and of district and urban councils will go through 1997, the year for the transition of power in Hong Kong, said Zheng Guoxiong, deputy director of the Hong Kong branch of the XINHUA NEWS AGENCY after attending a local public gathering.

But the fact has been known to all, the British side had announced, unilaterally, the termination of Sino-British talks and put it into action by submitting Governor Chris Patten's political reform bill to the Hong Kong Legislative Council, Zheng said.

Under such circumstance, the term of office for members of the three-tier councils will have to terminate on June 30, 1997 no matter what resolutions to be passed by the Hong Kong Legislative Council, the deputy director stated.

The Chinese side will have the three-tier councils re-elected by July 1, 1997 in accordance with principles provided by the Basic Law of the Future Government of the Hong Kong Special Administrative Region, he added.

Zheng's speech was made after the Hong Kong Government decided to gazette tomorrow a new regulation which sets out the procedure for the registration of electors in geographical constituencies for the three-tier elections.

China stated this consistent position time and again over the past months. The Chinese side passed on the message to the British side when the governor gazetted part of his political reform bill on the 1994-95 electoral arrangements and reiterated its principle stand when Patten introduced his partial bill to the Legislative Council.

He expressed that the Chinese side would speed up preparations for the resumption of its exercise of sovereignty over Hong Kong and called on the broad masses of Hong Kong people to take part in the matter.

He assured local residents that China will adopt a positive attitude in cooperation with the British-Hong Kong authorities and in the solution of matters relating to the everyday life of local residents.

Local XINHUA Official Warns Foreigners on 'Intervention'

HK1802031094 Hong Kong SOUTH CHINA MORNING POST in English 18 Feb 94 p 2

[By Linda Choy]

[Text] Senior Hong Kong-based Chinese officials yesterday repeated a warning against foreign intervention in Hong Kong affairs. That came after Australian officials proclaimed support for the electoral reforms of the Governor, Chris Patten.

Qin Wenjin, a deputy director of XINHUA (the New China News Agency), said the question of Hong Kong remained an issue between China and Britain prior to the changeover. After 1997, it would become purely an internal matter of China. "We have told the world time and again that no third country should have the right to make irresponsible comments or indiscreet remarks on the question of Hong Kong." Mr Qin was referring to praise by Australian Foreign Minister Gareth Evans for the political reform proposals of Mr Patten.

The Governor also received a similar reception at his meeting with other Australian ministers yesterday Mr Qin described Mr Patten's speech on Asia's human rights situation as "a tragedy" arising from misunderstanding. The Asian region had been subjected to colonial rule and its human rights situation and democracy should be developed step by step according to the development of individual areas. Mr Qin said.

Mr Patten is now in Melbourne on the final leg of his official tour of Australia. He flew from Canberra yesterday where he held meetings with the Governor-General of Australia Bill Hayden, the Parliamentary Joint Standing Committee and the Senate Standing Committee on Foreign Affairs, Defence and Trade. Mr Patten also had a working lunch with senior academics of the Australian National University in Canberra. Last night, he was guest of honour at a dinner hosted by the Victorian State Minister for industry and employment, Philip Gude. Today Mr Patten will visit several prominent companies trading in Hong Kong and the Asian region as well as delivering what is being heralded as a significant address to the Committee for the Economic Development of Australia.

Hong Kong, Vietnam To Introduce 'Speedpost' Service

OW1702144694 Beijing XINHUA in English 1404 GMT 17 Feb 94

[Text] Hong Kong, February 17 (XINHUA)—Hong Kong has decided to begin reciprocal speedpost service with Vietnam as from February 28, local Postmaster General Mike Pagliari announced here today.

The speedpost service will cover 16 Vietnamese cities, including the capital city of Hanoi and Ho Chi Minh City.

The new service will bring the total number of overseas destinations served by speedpost to 62.

END OF

FICHE

DATE FILMED

28 FEB 1994

